



Brett Loflin
Regulatory Compliance
Specialist

February 15, 2008

Ms. Cindy Raines
WV Oil and Gas Conservation Commission
601 57th Street
Charleston, WV 25304

Re: { Docket No. 181
Cause No. 166
Order No. 1 }

*Chesapeake
order*

Dear Ms. Raines:

As you are aware, Chesapeake Appalachia, L.L.C. ("Chesapeake") was granted special field rules that allowed it to drill 75 feet of rat-hole into the Onondaga Limestone in order to facilitate completing and producing the Marcellus Shale in several areas of West Virginia. Chesapeake drilled the wells listed on attachment A in the area covered by Docket No. 181, Cause No. 166, Order No. 1. Please accept the attached affidavit confirming that Chesapeake has not perforated or produced any formation below the base of the Marcellus shale in the wells listed on Attachment A. Also, enclosed you will find copies of an electric log for each well indicating the perforation depths. If you have any questions please contact me at 391-5518.

Sincerely,

Brett Loflin
Regulatory Compliance Specialist

AFFIDAVIT

Affiant, Michael John, being first duly sworn, states the following:

1. I am a Vice President-Operations, Eastern Division, for Chesapeake Appalachia, L.L.C. (hereinafter "Chesapeake").
2. As Vice President-Operations, Eastern Division, my responsibilities include general oversight of departments responsible for the completion and drilling of Chesapeake wells and the regulatory compliance of those wells.
3. I have reviewed a copy of the attached electric log showing the perforation depths of the wells listed on Attachment A.
4. I hereby confirm that Chesapeake has not perforated or produced any formation below the base of the Marcellus Shale in the wells listed on Attachment A.
5. Further, Affiant saith not.



Michael John

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

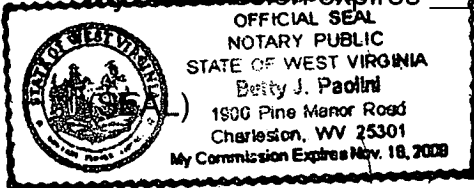
Taken, subscribed and sworn to before me this 20 day of February, 2008.



Notary Public

My commission expires

November 18, 2008



Attachment A

List of wells that were drilled in compliance with Docket 181, Cause 166, Order #1.

<u>API Number</u>	<u>Well Number</u>
059-01837	826542
059-01838	826543
059-01844	826540
059-01863	826648
059-01862	826647
047-02017	826545
047-02490	826546
047-02498	826710
047-02499	826711

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

Docket No. 181

Cause No. 166

IN THE MATTER OF THE REQUEST BY
CHESAPEAKE APPALACHIA, LLC, FOR AN
ORDER FROM THE COMMISSION ESTABLISHING
SPECIAL FIELD RULES IN McDOWELL, MINGO
AND WYOMING COUNTIES, WEST VIRGINIA,
COVERING MAN, MALLORY, WHARNCLIFFE,
GILBERT, IAEGER AND DAVY QUADRANGLES.

Transcript of proceedings taken on the
7th day of June, 2007, at 12:05 p.m., in the offices
of West Virginia Department of Environmental
Protection located at 601 57th Street, Southeast,
Charleston, West Virginia, pursuant to notice.

ORIGINAL

BONNIE K. WOLFE

Certified Court Reporter

1211 Ellen Drive

South Charleston, West Virginia 25303

(304) 744-4318

APPEARANCES:

BOARD:

Barry Lay, Chairman
Christie Utt, Attorney
James Martin
Anthony Gum
Robert Radabaugh

ON BEHALF OF THE APPLICANT:

Keith Moffatt, Esquire

ON BEHALF OF EASTERN COAL COMPANY:

Chris Mullen, Esquire

ON BEHALF OF PETROEDGE, NORTH STAR ENERGY AND
TRANS ENERGY:

Kenneth Tawney, Esquire

ON BEHALF OF CONSOL:

William Mohler, Esquire

ON BEHALF OF PENN VIRGINIA AND
LGCR:

Valerie Raupp, Esquire

ON BEHALF OF EQUITABLE (EPC):

Ben Sullivan, Esquire

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<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>EXAMINATION</u>
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Jeff Cable	25	26	

JOINT EXHIBITSIDENTIFIED RECEIVED

A (Notice of Hearing)	4	4
B (Preservati Law Letter)	5	5
C (Chesapeake Request)	5	5
D (Affidavits of Publication)	5	5

CHESAPEAKE EXHIBITS

Nos. 1-4	4	10
No. 5	4	16
No. 6	4	16
No. 7	4	16
No. 8	27	27

1 (WHEREUPON, said documents
2 were identified as Chesapeake
3 Exhibits Nos. 1-7.)

4 CHAIRMAN LAY: Before the Oil and
5 Gas Conservation Commission of the State of West
6 Virginia in the matter of the request by Chesapeake
7 Appalachia, LLC, for an order from the Commission
8 establishing special field rules in McDowell, Mingo
9 and Wyoming Counties, West Virginia. This is Docket
10 No. 181, Cause No. 166.

11 Let the record show that present
12 are members of the Commission, Bob Radabaugh, Tony
13 Gum, James Martin, Barry Lay and Christie Utt,
14 counsel for the Commission, and Cindy Raines from
15 staff.

16 (WHEREUPON, said document was
17 identified as Joint Exhibit A and is
18 attached hereto and made a part
19 hereof.)

20 CHAIRMAN LAY: I'd like to place of
21 record as Exhibit A for the Commission a top copy of
22 the Notice of Hearing with the return receipt cards
23 collectively as Exhibit A.

1 (WHEREUPON, said document was
2 identified as Joint Exhibit B and is
3 attached hereto and made a part
4 hereof.)

5 CHAIRMAN LAY: Exhibit B is a copy
6 of a letter dated May 29th from Preservati Law,
7 PPLC, objecting to the special field rules.

8 (WHEREUPON, said document was
9 identified as Joint Exhibit C and is
10 attached hereto and made a part
11 hereof.)

12 CHAIRMAN LAY: Exhibit C, a copy of
13 the request dated May 2nd, from Chesapeake,
14 requesting hearing for special field rules.

15 (WHEREUPON, said document was
16 identified as Joint Exhibit D and is
17 attached hereto and made a part
18 hereof.)

19 CHAIRMAN LAY: And D, three
20 affidavits of publication by the Commission all
21 dated May 7th collectively as Exhibit D.

22 The Commission at this time will
23 take appearances.

1 MR. MOFFATT: Keith Moffatt
2 appearing on behalf of Chesapeake Appalachia with
3 the witnesses, Brett Loflin, Ed Rothman, Rob
4 Schindler and Jeff Cable.

5 MR. PRESERVATI: Nick Preservati
6 on behalf of Pocahontas Land and Argus Energy.

7 MR. TAWNEY: Kenneth Tawney on
8 behalf of PetroEdge Resources, WVLLC, North Star
9 Energy Corporation and Trans Energy Corporation.
10 With me is Joe Holson of PetroEdge.

11 MS. RAUPP: Valerie Raupp on behalf
12 of Penn Virginia.

13 MR. SULLIVAN: Ben Sullivan on
14 behalf of Equitable Production Company.

15 CHAIRMAN LAY: Mr. Moffatt, do you
16 want to call your first witness, please?

17 MR. MOFFATT: Certainly. Mr. Brett
18 Loflin.

19 (Witness sworn.)

20 THEREUPON came

21 BRETT LOFLIN
22 called as a witness by the Applicant herein, having
23 been first duly sworn according to law, testified as

1 follows:

2 DIRECT EXAMINATION

3 BY MR. MOFFATT:

4 Q Mr. Loflin, would you please state
5 your name for the record?

6 A Brett Loflin.

7 Q Mr. Loflin, in a matter that was
8 just heard, Docket No. 180, Cause No. 165, I asked
9 you certain questions regarding your employment and
10 certain background history. If I ask you the same
11 questions here right now, would the answers be the
12 same?

13 A Yes, they would.

14 Q Mr. Loflin, on the easel, we have
15 what has been pre-marked Chesapeake No. 5, which
16 shows the acreage encompassed in Chesapeake's
17 request for special field rules. Could you tell the
18 Commission how much acreage is included within that
19 area?

20 A Yes. Within the red boundary on
21 the exhibit, there's approximately sixty-five
22 thousand five hundred and fifty-three acres.

23 Q And how much of that acreage is

1 either owned or leased by Chesapeake?

2 A Chesapeake controls approximately
3 fifteen thousand seventy-seven acres.

4 Q Now, with regard to the operators
5 within that area, did Chesapeake make reasonable
6 efforts to locate or identify those operators?

7 A Yes, we did.

8 Q And how many operators were
9 identified?

10 A Twenty-two operators were
11 identified and noticed.

12 Q I'm going to show you what has
13 been marked Chesapeake Exhibit No. 1. Could you
14 please look at that and tell me if that is an
15 accurate list of the operators who have been
16 identified?

17 A Yes, it is.

18 Q Did Chesapeake send by certified
19 mail notice of the pre-hearing conference for this
20 matter to the operators listed on Exhibit 1?

21 A Yes.

22 Q How many counties are included in
23 the area where Chesapeake is requesting special

1 field rules?

2 A There are portions of three
3 separate counties, McDowell, Mingo and Wyoming
4 Counties.

5 Q Did Chesapeake cause to be
6 published in newspaper circulated in those counties
7 notice of the pre-hearing conference?

8 A Yes.

9 Q Now, I will show you what has
10 marked Chesapeake's Exhibits Nos. 2, 3 and 4. Would
11 you please look at those documents and tell me if
12 those are Affidavits of Publications showing that
13 the notice of pre-hearing conference has been
14 published in newspapers circulated in those
15 counties?

16 A Yes, they are.

17 MR. MOFFATT: I have no further
18 questions for Mr. Loflin and would ask that Exhibits
19 1 through 4 be admitted into evidence.

20 CHAIRMAN LAY: Do you want Exhibit
21 5?

22 MR. MOFFATT: I think we have only
23 four right now.

1 CHAIRMAN LAY: The map.

2 MR. MOFFATT: Not yet. That will
3 be Mr. Rothman.

4 CHAIRMAN LAY: Okay. Any
5 objections to 1 through 4? We'll admit the exhibit.

6 (WHEREUPON, the documents
7 previously identified as Chesapeake
8 Exhibits Nos. 1-4 were received
9 in evidence and are attached hereto
10 and made a part hereof.)

11 CHAIRMAN LAY: Any questions for
12 the witness?

13

14 EXAMINATION

15 BY MR. RADABAUGH:

16 Q One real quick. How does Wyoming
17 County fit into the puzzle up there?

18 A There's a-- I need to get a
19 little closer to the map, if you don't mind. Yeah.
20 We have just a little bit of Wyoming County comes
21 down in from that (indicating) portion.

22 Q Okay. It wasn't printed on there,
23 so I didn't know. My West Virginia geography isn't

1 too good.

2 A Sorry.

3 Q I didn't know where it was. I'm
4 from northern West Virginia. Okay.

5 A That's quite all right.

6 CHAIRMAN LAY: Any other cross? If
7 not, the witness can be excused.

8 (Witness excused.)

9 CHAIRMAN LAY: Call your next
10 witness, Mr. Moffatt.

11 MR. MOFFATT: Mr. Ed Rothman.

12

13 (Witness sworn.)

14 THEREUPON came

15 ED ROTHMAN

16 called as a witness by the Applicant herein, being
17 first duly sworn according to law, testified as
18 follows:

19 DIRECT EXAMINATION

20 BY MR. MOFFATT:

21 Q Mr. Rothman, in the matter of
22 Docket No. 180, Cause No. 165, I asked you certain
23 questions regarding your background and employment

1 history and job duties and responsibilities. If I
2 asked you those questions now, would your answers be
3 the same?

4 A They would.

5 Q Mr. Rothman, if you'd look at the
6 easel we have up there, what has been marked as
7 Chesapeake Exhibit No. 5, did you prepare that map
8 in preparation for your testimony here today?

9 A I did.

10 Q And would you explain for the
11 Commission, please, what that map demonstrates?

12 A It's a map showing portions of
13 Mingo, McDowell and Wyoming Counties. It shows the
14 boundary of the area that we're requesting special
15 field rules for.

16 The yellow is acreage that is
17 controlled by Chesapeake. The small black dots are
18 wells that have been drilled in this area. And the
19 rose-colored triangles are wells that Chesapeake
20 plans to drill in 2007.

21 Q Does Chesapeake have plans to
22 drill wells in that area in the future?

23 A Yes, we do.

1 Q Do you know how many?

2 A There's approximately fifty-seven
3 locations left in those properties.

4 Q And is it possible that in the
5 future Chesapeake may look to acquire additional
6 acreage within that area either through farm-outs or
7 joint ventures or leasing of open acreage?

8 A Yes, it is.

9 Q Now, in Docket No. 180, Cause No.
10 165, I asked you certain questions regarding logging
11 and the difficulty that the twenty-foot limitation
12 presents in logging the Marcellus formation. If I
13 ask you those same questions now, would your answers
14 be the same?

15 A Yes, they would.

16 Q And also in Docket No. 180, Cause
17 No. 165, I asked you whether or not it is difficult
18 to not drill more than twenty feet into the Onondaga
19 when drilling Marcellus formation wells. If I ask
20 you those same questions now, would your answers be
21 the same?

22 A Yes, they would.

23 Q And if you would look at the

1 easel, Mr. Rothman, that is an exhibit which has
2 been marked Chesapeake Exhibit No. 6. And in Docket
3 No. 180, Cause No. 165, it was marked Columbia-- or
4 Chesapeake, excuse me, Exhibit No. 7. If I ask you
5 the same questions here regarding that exhibit,
6 would your answers be the same?

7 A Yes, they would.

8 Q Now, on the easel is a map which
9 has been marked Chesapeake Exhibit No. 7, did you
10 prepare that map in preparation for your testimony
11 here today?

12 A Yes, I did.

13 Q And would you please explain to
14 the Commission what that map demonstrates?

15 A It is a map that basically shows
16 the thickness of the Onondaga formation in the area.
17 It contains our acreage. Wells drilled are 2007
18 wells. It also has the boundary for the area that
19 we're asking special field rules. It shows the
20 thickness of the Onondaga to be a hundred and thirty
21 to a hundred eighty foot thick in that area.

22 Q Now, in this area, if Chesapeake
23 is allowed to drill seventy-feet below the Marcellus

1 formation, would you remain in the Onondaga group?

2 A Yes, you would.

3 Q And as part of Chesapeake's
4 request, does Chesapeake have any intention of
5 completing or producing from the Onondaga formation?

6 A No, we don't.

7 Q Do you know if any portion of the
8 Onondaga formation in this area is capable of
9 commercial production?

10 A There have been a few wells in the
11 area that have had gas out of the Onondaga, but the
12 flows have been fairly small. But, you know, like I
13 said earlier, the Onondaga, you know, can be
14 fractured or have some small pay zones in it that
15 are better capable of production.

16 Q If Chesapeake did in fact
17 encounter protection beyond Onondaga group in this
18 area, would it be your testimony that Chesapeake
19 would not produce or complete that formation without
20 further order from this Commission?

21 A That's correct.

22 MR. MOFFATT: I have no further
23 questions of Mr. Rothman. I would ask that

1 Exhibits-- Let me get my numbers right. --5, 6 and
2 7 be admitted into evidence.

3 CHAIRMAN LAY: Any objections to
4 the exhibits? We will accept the exhibits.

5 (WHEREUPON, the documents
6 previously identified as Chesapeake
7 Exhibits Nos. 5-7 were received in
8 evidence and are attached hereto
9 and made a part hereof.)

10 CHAIRMAN LAY: Any cross for the
11 witness?

12
13 CROSS-EXAMINATION

14 BY MR. TAWNEY:

15 Q Yes, please, Your Honor.

16 Mr. Rothman, you incorporated your testimony from
17 the earlier cause today, Document No. 180, Cause No.
18 165. I believe that you also testified similarly in
19 Docket No. 179, Cause No. 164. Is that correct?

20 A Yes.

21 Q And would the testimony that you
22 have given in now three proceedings apply to any
23 well drilled by any operator within the area described?

1 A Yes. That's correct.

2 Q And in your experience, would it
3 apply to any well drilled anywhere within the State
4 of West Virginia that did not penetrate a depth
5 below the Onondaga seam?

6 A That's correct.

7 MR. TAWNEY: That's all the
8 questions I have.

9 CHAIRMAN LAY: Based upon that,
10 I've got one question for you then.

11

12 EXAMINATION

13 BY CHAIRMAN LAY:

14 Q Are there any areas within the
15 State of West Virginia where the Onondaga group is
16 productive in commercial quantity?

17 A I'm sure that there are some areas
18 that the Onondaga is productive in commercial
19 quantities. I can't specifically tell you where,
20 but I'm sure there are areas, if you hit fractures
21 or pay zones, that it would make commercial
22 quantities of gas.

23

EXAMINATION

BY MR. GUM:

Q Is there any place in West Virginia in which the Onondaga is non-existent?

A Not that I'm aware of.

Q What is the shallowest part of the Onondaga in other places? Are you familiar? Here you have them down a hundred and thirty to two hundred.

A Uh-huh.

Q Is there other areas in which it is much less?

A Yes. There's areas where there's thinning.

Q What would be the least? Could you determine any that are twenty-five or thirty?

A I can't tell you for the whole State. But, you know, in other areas that I've looked at just north of here, I think it got down to like in the hundred twenty, hundred and ten range.

CHAIRMAN LAY: Okay. Other questions? Okay. Witness can be excused.

(Witness excused.)

1 CHAIRMAN LAY: You want to call
2 your next witness, Mr. Moffatt?

3 MR. MOFFATT: Mr. Schindler.
4

5 (Witness sworn.)

6 THEREUPON came

7 ROB SCHINDLER

8 called as a witness by the Applicant herein, being
9 first duly sworn according to law, testified as
10 follows:

11 DIRECT EXAMINATION

12 BY MR. MOFFATT:

13 Q Mr. Schlinder, would you please
14 state your name for the record in this case, please?

15 A Rob Schindler.

16 Q And Mr. Schindler, in Docket No.
17 180, Cause No. 165, I asked you to explain the
18 operational difficulties you encountered or
19 experienced because of the twenty-foot limitation in
20 being able to drill into the Onondaga.

21 If I ask you those same questions
22 here, would your answers be the same?

23 A Yes, they would.

1 Q And also in that same Cause No, I
2 asked you the basis for Chesapeake's request to
3 waive the requirement of a site and safety plan for
4 Marcellus formation wells that we would like to
5 drill seventy-five feet into the Onondaga.

6 If I asked you the same questions
7 here today regarding that subject matter, would your
8 answers be the same?

9 A Yes, they would.

10 MR. MOFFATT: Have no further
11 questions.

12 CHAIRMAN LAYS: Questions? Cross?
13

14 CROSS-EXAMINATION

15 BY MR. TAWNEY:

16 Q Mr. Schindler, you testified in
17 Docket No. 180, Cause No. 165 earlier today to
18 operating problems regarding Marcellus shale wells.
19 If I recall correctly, you gave the same testimony
20 in Docket No. 179, Cause No. 164, also requesting
21 special field rules. Do you recall that?

22 A Yes.

23 Q Was your testimony the same on

1 that docket as well?

2 A Yes, sir.

3 Q Would your testimony be true with
4 respect to any well drilled by any operator or
5 producer within the area described on the maps?

6 A Yes.

7 Q Would your testimony be true with
8 respect to any well drilled into the Marcellus
9 formation and on into the Onondaga but not below the
10 Onondaga anywhere within the State of West Virginia?

11 A With regards to operations, yes.

12 MR. TAWNEY: Thank you. That's all
13 the questions I have.

14

15 CROSS-EXAMINATION

16 BY MR. SULLIVAN:

17 Q Ben Sullivan with Equitable
18 Production Company. Mr. Schindler, in making this
19 special field rule application that we're discussing
20 today in your earlier application and the
21 application Mr. Tawney referred to just now, we
22 heard a couple of weeks ago, was it Chesapeake's
23 intent to cover all of the producers and all of the

1 wells in the special field rule area or was it
2 Chesapeake's intent only to cover your own wells?

3 MR. MOFFATT: If I may, that's not
4 a proper question for Mr. Schindler. He had very
5 little input in the drafting of the application that
6 was filed with the Commission. He is not the
7 witness that would be able to answer that question.

8 CHAIRMAN LAY: Are you making that
9 in the form of an objection?

10 MR. MOFFATT: Yes.

11 MR. SULLIVAN: Who would that
12 witness be, Mr. Moffatt?

13 MR. MOFFATT: That would be
14 Mr. Brett Loflin, and I believe he did answer that
15 question at the first hearing.

16 MR. SULLIVAN: He did?

17 MR. MOFFATT: Yes, he did.

18 MR. SULLIVAN: Thank you.

19 CHAIRMAN LAY: I'll sustain the
20 objection. Sorry. Any other questions? Okay.
21 Witness may be excused. Oh, I'm sorry. I didn't
22 mean to excuse you. I had one follow-up question to
23 the question Mr. Tawney asked.

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EXAMINATION

BY CHAIRMAN LAY:

Q Are there areas in the State of West Virginia that you are aware of where potentially or abnormally large flows of gas could be encountered in members of the Onondaga group, specifically the Huntersville chert?

A Yes, there is.

Q And if those things were encountered, would that constitute potentially a safety hazard to the health and safety of the individuals drilling that well?

A Depending on what surface equipment was on location, yes, it could.

Q In those cases, would it be a prudent thing for the Commission to do to require site and safety plans in those situations?

A Yes, it would.

Q Not having those type situations potentially available in these areas of West Virginia being the norm, it's your testimony that those steps would not be necessary here. Is that correct?

1 A That's correct.

2 CHAIRMAN LAY: Very good. That's
3 my questions.

4 MR. TAWNEY: May I follow up with
5 one question?

6

7 CROSS-EXAMINATION

8 BY MR. TAWNEY:

9 Q That testimony relates to whether
10 a site safety plan should be mandated for any
11 particular well or not. Is that my understanding?

12 A I don't know what his intention of
13 his question was.

14 Q Well, but is that your testimony?

15 A Yes. That the site safety plans--

16 Q --might be required.

17 A --are not necessarily in this
18 particular area.

19 Q But they might be required if you
20 could expect to encounter productive formation in
21 the Onondaga group?

22 A Correct.

23 CHAIRMAN LAY: Questions? Witness

1 may be excused.

2 (Witness excused.)

3 CHAIRMAN LAY: Call your next
4 witness, please.

5 MR. MOFFATT: Mr. Jeff Cable,
6 please.

7 CHAIRMAN LAY: Swear the witness,
8 please.

9

10 (Witness sworn.)

11 THEREUPON came

12 JEFF CABLE

13 called as a witness by the Applicant herein, being
14 first duly sworn according to law, testified as
15 follows:

16 DIRECT EXAMINATION

17 BY MR. MOFFATT:

18 Q Mr. Cable, would you please state
19 your name?

20 A Jeff Cable.

21 Q Mr. Cable, in Docket No. 180,
22 Cause No. 165, I asked you questions regarding your
23 employment history and job duties and

1 responsibilities. If I asked you those same
2 questions now, would your answers be the same?

3 A Yes.

4 Q And in that same cause number, I
5 asked you questions regarding Chesapeake's request
6 for an exception to the deep well spacing
7 requirements. If I asked you those same questions
8 now, would your answers be the same?

9 A Yes.

10 MR. MOFFATT: I have no further
11 questions.

12 CHAIRMAN LAY: Questions?
13

14 EXAMINATION

15 BY MR. TAWNEY:

16 Q Mr. Cable, your area of
17 responsibility is southeastern West Virginia, as I
18 understand it.

19 A It's the southeast district which
20 basically covers all of southwest West Virginia. We
21 call it the southeast district in the company.

22 Q Okay. And so would you expect
23 your testimony to be true for any well that is to be

1 drilled within the area that is outlined on this
2 exhibit by any operator or producer?

3 A Yes.

4 Q And within your area of expertise
5 in the southern counties of West Virginia, would you
6 expect your testimony to be true for any well
7 drilled in that area?

8 A Yes.

9 MR. TAWNEY: No further questions.

10 CHAIRMAN LAY: Questions? Witness
11 may be excused.

12 (Witness excused.)

13 MR. MOFFATT: Before we rest, we
14 would ask that the transcript from Docket No. 180,
15 Cause No. 165, be incorporated into this docket
16 number by reference. That would be then Chesapeake
17 Exhibit No. 8.

18 (WHEREUPON, said document was
19 identified as Chesapeake Exhibit
20 No. 8 and received in evidence.)

21 CHAIRMAN LAY: Do we need to
22 address at this time the stipulation from the
23 pre-hearing conference or do you just want to note

1 that the same stipulation applies that was in the
2 previous docket, Mr. Preservati?

3 MR. PRESERVATI: I'd just like to
4 very briefly address it, if I may, and just state
5 that during pre-hearing conference Chesapeake and
6 Pocahontas did reach an agreement whereby Chesapeake
7 agreed that, if the special field rules are granted
8 and a thousand foot spacing does apply in instances
9 where the coal owner or operator objects to spacing
10 of the wells, then those coal operators or owners
11 will have the objections set forth in West Virginia
12 Code Chapter 22C-8-8 at their disposal as proper
13 objections to any wells drilled by Chesapeake
14 subject to these special field rules. That's our
15 understanding from the previous matter and this
16 matter and ask that it be incorporated herein.

17 And based upon that, Pocahontas
18 Land and Argus Energy withdraw their objections to
19 this petition as well.

20 CHAIRMAN LAY: Thank you.
21 Mr. Moffatt, anything further?

22 MR. MOFFATT: No. And can I just
23 echo that? It's also Chesapeake's understanding.

1 With that, we rest our case.

2 CHAIRMAN LAY: Other evidence?

3 MR. TAWNEY: I would simply
4 incorporate our comments on behalf of PetroEdge and
5 Trans Energy and North Star as well from the prior
6 transcript since it's being made an exhibit.

7 I would also like to emphasize
8 that we would repeat the request that special field
9 rules be applied to any producer or operator
10 drilling within this area because we believe that is
11 the definition of a special field rule. In other
12 words, the rule applies to the field, not to a
13 particular producer.

14 MS. RAUPP: Valerie Raupp. Just
15 incorporate our objection as to the jurisdiction
16 that was previously heard in Docket 180 and 179.

17 MR. SULLIVAN: Ben Sullivan,
18 Equitable Production Company. I just want to
19 reiterate our concerns from the last two hearings
20 and certain notice provided for these special field
21 rule applications and the application thereof to our
22 wells in the area.

23 CHAIRMAN LAY: Anything further?

1 MR. TAWNEY: If I may make one
2 other statement. If the Commission does not see fit
3 to apply special field rules to every producer in
4 these areas, then I would ask that they be applied
5 to North Star Energy, to Trans Energy and to
6 PetroEdge Resources for the acreage that they might
7 have now or acquire in the future in these specific
8 areas.

9 CHAIRMAN LAY: Sorry. PetroEdge?

10 MR. TAWNEY: Yes. It's PetroEdge
11 Resources.

12 CHAIRMAN LAY: Okay.

13 MR. TAWNEY: WVLLC, North Star
14 Energy Corporation and Trans Energy Corporation.

15 Q One word?

16 A No. It's two.

17 Q Trans Energy.

18 CHAIRMAN LAY: Mr. Tawney?

19 MR. TAWNEY: I'm sorry.

20 CHAIRMAN LAY: Now, I'm sorry. Is
21 that Trans Energy Corp.? Mr. Tawney?

22 MR. TAWNEY: I'm sorry.

23 CHAIRMAN LAY: Is it Trans Energy

1 Corporation?

2 MR. TAWNEY: Yes, it is.

3 CHAIRMAN LAY: We'll take that
4 under advisement.

5 MR. TAWNEY: Okay. And if it helps
6 in consideration, we earlier agreed that we would
7 abide by his same stipulation with Mr. Preservati
8 that Chesapeake had in connection. We'd simply
9 abide by the same rules applicable as Chesapeake. Is
10 that correct, Mr. Preservati?

11 MR. PRESERVATI: That sounds good
12 to me. Thank you.

13 CHAIRMAN LAY: Any other issues.
14 Okay. We'll go off the record.

15 (WHEREUPON, a brief recess
16 was had.)

17 CHAIRMAN LAY: We can go back on
18 the record. Do we have a motion?

19 MR. RADABAUGH: I make a motion to
20 grant Chesapeake's request for the establishment of
21 special field rules in the following manner.

22 First, this will only apply to
23 Chesapeake Energy. Special field rules shall allow

1 Chesapeake to drill wells in the designated area to
2 the depth not to exceed seventy-five feet into the
3 Onondaga group.

4 Each well drilled under the
5 special field rules shall be located at a minimum of
6 one thousand feet from each well covered by the
7 order with the exception of wells affected by the
8 settlement agreement between Chesapeake and
9 Pocahontas Land that states that it will abide by
10 22C-8-8 as agreed on-- And it's on the record.

11 Also, there will be a hundred foot
12 from the lease line and unit boundary waiver. It
13 has to be at least a hundred feet.

14 For each well covered under the
15 special field rules, Chesapeake shall submit a deep
16 well permit application. Upon completion of the
17 wells drilled under the special field rules, they
18 shall supply a copy of the open hole log,
19 perforating log and an affidavit signed by the
20 principle of the company stating that no formation
21 below the top of the Onondaga has been stimulated in
22 any manner.

23 Thereafter, if Chesapeake would so

1 desire to perforate, frac or otherwise stimulate
2 anything in this Onondaga group, it will have to
3 apply for a permit to do so and/or appear before the
4 Commission to get approval to do so.

5 Furthermore, the Commission waives
6 the requirement that Chesapeake must not submit a
7 site safety plan and hold a pre-SPUD meeting for the
8 drilling of these wells covered under the order,
9 although H2S monitoring and safety equipment will be
10 on site and ready for review, if needed.

11 CHAIRMAN LAY: Have a second?

12 MR. GUM: Second.

13 CHAIRMAN LAY: Further discussion?

14 All those in favor of the motion, aye. Opposed to
15 the motion, nay. Motion carries.

16 MR. TAWNEY: Once again, can we
17 have stated for the record the reasoning for
18 applying the special field rule only to one company
19 and one operator?

20 CHAIRMAN LAY: I can respond.

21 MS. UTT: I'll talk to you about it
22 afterwards, but we're not going to put it on the
23 record. An order will come out with any reasoning.

1 I can either talk to you off the record or you can
2 waive the order.

3 MR. TAWNEY: But the order will
4 reflect the reasoning and rationale for--

5 MS. UTT: The order will reflect
6 what application and what issues are before the
7 Commission today. And they were properly noticed
8 before the Commission, the issues that were raised.

9 So if you want me to talk to you
10 personally about the notice issue, I would be more
11 than happy to. It wasn't a Chesapeake issue before
12 the Commission today. So they're only dealing with
13 Chesapeake issues before the Commission.

14 MR. TAWNEY: Thank you.

15 CHAIRMAN LAY: Anything else for
16 the record?

17 MR. MOFFATT: One point of
18 clarification. You mentioned it only pertains to
19 Chesapeake, but it would be existing acreage as well
20 as acreage that Chesapeake would acquire in the
21 future. Correct?

22 MR. RADABAUGH: In that area, yes.
23 Correct.

1 CHAIRMAN LAY: Okay. If you would,
2 Mr. Moffatt, draft a proposed order. Anyone else
3 wishing to draft an order certainly can submit it to
4 the Commission.

5 MR. MOFFATT: One additional
6 question?

7 CHAIRMAN LAY: Okay.

8 MR. MOFFATT: Relating to the
9 exception from the lease line and unit boundary of
10 the hundred foot requirement here, also.

11 CHAIRMAN LAY: Yes.

12 MR. MOFFATT: The basis for that
13 would be?

14 CHAIRMAN LAY: Uniformity in what
15 we're trying to do. And that is a lease or unit
16 boundary.

17 MR. MOFFATT: That's correct.

18 CHAIRMAN LAY: If you have unitized
19 acreage, you know, in the larger area that would not
20 pertain to specifically lease boundaries, then
21 they're unitized.

22 MR. MOFFATT: Thank you. Okay.
23 We're off the record then.

(WHEREUPON, the proceeding
adjourned at 12:45 p.m.)

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, To-wit:

I, Bonnie K. Wolfe, Certified Court Reporter and Notary Public in and for the State of West Virginia, duly commissioned and qualified, do hereby certify that the foregoing proceeding was duly taken by me and before me at the time and place specified in the caption hereof, the said witness having been by me first duly sworn.

I do further certify that the said proceeding was correctly reported by me verbatim and that same was by me accurately written out in full and transcribed into the English language.

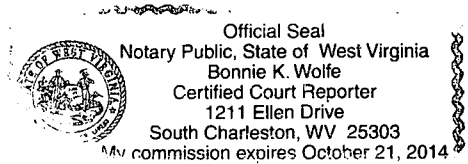
I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action in which this proceeding is taken and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

My commission expires the 21st day of
October, 2014.

Given under my hand and official seal
this 12th day of June, 2007.

Bonnie K Wolfe

Bonnie K. Wolfe, CCR/Notary



SENT BY: Docket 181-166

DEPARTMENT: _____

DO NOT METER

Return Receipt Cards

INTERDEPARTMENTAL MAIL

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:



Equitable Production Company
1710 Pennsylvania Avenue
Charleston, WV 25302

2. Article Number
(Transfer from service label)

7007 0220 0004 6185 4130

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Cynthia W. Scott

☐ Agent

☒ Addressee

B. Received by (Printed Name)

C. Date of Delivery

Cynthia W. Scott

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

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Service Type

☒ Certified Mail

☐ Express Mail

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Restricted Delivery? (Extra Fee)

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1. Article Addressed to:



Loren Cline
HC 72, Box 181
Gilbert, WV 25621

2. Article Number
(Transfer from service label)

7007 0220 0004 6185 4116

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Timothy Cline

☐ Agent

☒ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5-24-07

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

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4. Restricted Delivery? (Extra Fee)

☐ Yes

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1. Article Addressed to:



Base Petroleum, Inc.
John Wilcox
Route 7, Box 407 1/2
South Charleston, WV 25309

2. Article Number

(Transfer from service)

7007 0220 0004 6185 4697

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:



Deep Ford Gas Company
P O Box 169
Charleston, WV 25321

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4123

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent

☐ Addressee

B. Received by (Printed Name)

David L. Bell

C. Date of Delivery

5-24-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

MAY 24 2007

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

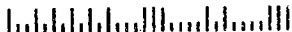
4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Bill & Jessie, Inc.
P O Box 8213
Huntington, WV 25705

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4765

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

C. J. Smith

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. J. Smith

C. Date of Delivery

5-24-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:



I. David Bartram
P O Box 306
Milton, WV 25541

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *David D. Bartram* ☐ Agent ☒ Addressee

B. Received by (Printed Name)

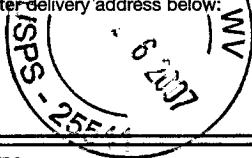
DAVID BARTRAM

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No



3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4086

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Appalachian Energy, Inc.
Attention: Frank Hende
P O Box 2406
230 Charwood Drive
Abingdon, VA 24212

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4758

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x M. Dempsey

☐ Agent

☐ Addressee

B. Received by (Printed Name)

M. Dempsey

C. Date of Delivery

5-25-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



D & R Energy
P O Box 252
Spencer, WV 25276

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4789

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5-25-07

- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Patricia Cody
3021 Fulton Street
Berkeley, CA 94705

2. Article Number
(Transfer from service label)

7007 0220 0004 6185 4727

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Patricia H Cody

☐ Agent☐ Addressee

B. Received by (Printed Name)

Patricia H Cody

C. Date of Delivery

5/25/07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you:
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1. Article Addressed to:



J. W. Kinzer
Attention: Timothy S. McNamee
16 W 5th Avenue
Williamson, WV 25661

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4741

COMPLETE THIS SECTION ON DELIVERY

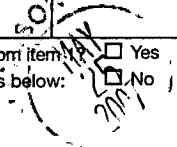
A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No



3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Dominion Exploration & Production, Inc.
P O Box 1248
Jane Lew, West Virginia 26378

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4734

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Sheri L. Ellis

☒ Agent

☐ Addressee

B. Received by (Printed Name)

Sheri Ellis

C. Date of Delivery

5-25-01

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

Mail. ☐ Express Mail

id ☐ Return Receipt for Merchandise

Mail ☐ C.O.D.

Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



CDX Gas, LLC
803 Quarrier Street, Suite 400
Charleston, WV 25301

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4772

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5-27-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Brewer Natural Gas, LLC
825-C Merrimon Avenue, #315
Asheville, NC 28804

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4093

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

Kathy Price

C. Date of Delivery

5/25/07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

|||||
Quality Natural Gas, LLC
Attention: James Hill
HC 71, Route 4, Box 87-A
Whanncliffe, WV 25651

2. Article Number

(Transfer from service lat

7007 0220 0004 6185 4802

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Sharon Hill

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5/26/07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Dominion Transmission, Inc.
Attention: James D. Blasingame
445 W. Main Street
Clarksburg, WV 26301

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4796

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

MARTIN M. WILSON

5/24/07

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Cabot Oil and Gas Corporation
Attention: Tom Liberatore
900 Lee Street, East - Suite 500
Charleston, WV 25301


2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4703

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X 

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

5-24-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

|||||
Seneca-Upshur Petroleum
Attention: David Dean
P O Box 2048
Buckhannon, WV 26201

2. Article Number

(Transfer from service label)

7007 0220 0004 6185 4147

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Connie J. Marple*

☒ Agent

☐ Addressee

B. Received by (Printed Name)

Connie J. Marple

C. Date of Delivery

5/24/07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Chesapeake Appalachia, L.L.C.
Attention: Keith Moffatt
P O Box 6070
Charleston, WV 25302

2. Article Number
(Transfer from service label)

7007 0220 0004 6185 4062

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Diana Herby*

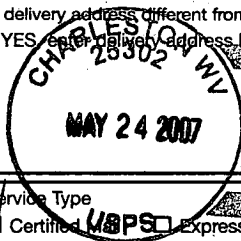
☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

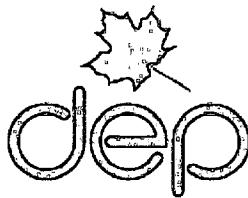


3. Service Type

☒ Certified ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



west virginia department of environmental protection

Oil and Gas Conservation Commission
601 57th Street, SE
Charleston, West Virginia 25301

Joe Manchin III, Governor
www.wvdep.org

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

IN THE MATTER OF THE REQUEST BY
CHESAPEAKE APPALACHIA, LLC FOR AN
ORDER FROM THE COMMISSION
ESTABLISHING SPECIAL FIELD RULES IN
MCDOWELL, MINGO AND WYOMING
COUNTIES, WEST VIRGINIA COVERING MAN,
MALLORY, WHARNCLIFFE, GILBERT, IAEGER
AND DAVY QUADRANGLES.

DOCKET NO. 181

CAUSE NO. 166

NOTICE OF HEARING

Chesapeake Appalachia, LLC (Chesapeake) has requested a hearing before the Commission for the establishment of special field rules covering Boone, Lincoln and Logan Counties. Chesapeake wishes to drill several Marcellus shale wells in the designated area. Although the Marcellus is a "shallow" formation, Chesapeake proposes to drill 75 feet into the Onondaga limestone to enable the logging and completion of the entire Marcellus shale section. Chesapeake will not perforate or complete any formation below the base of the Marcellus shale formation; however, by definition, since the proposed wells will be drilled in excess of twenty feet into the Onondaga limestone, they will be considered deep wells. Therefore, Chesapeake is requesting the Commission set spacing for the proposed wells to conform to the following: 1000' between wells and 50' from a lease line or unit boundary.

Notice of the pre-hearing conference was given as required by law by Chesapeake Appalachia, LLC to all interested parties.

DATE: June 7, 2007

TIME: immediately following the 10:00 am pre-hearing

PLACE: Department of Environmental Protection
601 57th Street, SE
Charleston, WV 25304

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

By:


Barry K. Lay, Commissioner

Dated this 7th day of May, 2007, at Charleston, West Virginia.

Promoting a healthy environment.

JOINT
EXHIBIT

A

PRESERVATI LAW PLLC

May 29, 2007

James Martin, Chief
Oil & Gas Conservation Commission
West Virginia Department of Environmental Protection
601 57th Street
Charleston, West Virginia 25304

Re: In the Matter of the Request by Chesapeake Appalachia, LLC for an Order from the Commission Establishing Special Field Rules in McDowell, Mingo, and Wyoming Counties, West Virginia.

Dear Mr. Martin:

Pocahontas Land Corporation hereby objects to Chesapeake Appalachia, LLC's application for special field rules. Each objection is set forth below in more detail.

Lack of Jurisdiction

The Oil and Gas Conservation Commission has authority to regulate the spacing of deep wells using statutory guidelines or by the adoption of special field rules. W.Va. Code §22C-9-4. However, it is the Shallow Gas Well Review Board that has been granted jurisdiction to regulate the spacing of shallow wells.

A deep well is defined as any well other than a shallow well, drilled and *completed* in a formation at or below the top of the upper most member of the "Onondaga Group." Therefore, unless a well is drilled and completed in the Onondaga Group, it is not a deep well.

In its application, Chesapeake specifically states that it will not "produce, perforate or stimulate the Onondaga in any manner." As such, the proposed wells to be drilled by Chesapeake do not qualify as deep wells. Instead, they are shallow wells regulated by the Shallow Gas Well Review Board. Consequently, the Conservation Commission is without jurisdiction to address Chesapeake's application because it does not involve deep wells.

Distance Limitation

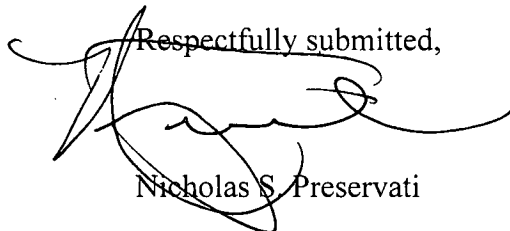
Chesapeake is attempting to avoid the 3000 ft. spacing requirement for deep wells. As a result, it has requested that it be permitted to drill shallow wells within 1,000 ft. of other shallow wells. The spacing requirements for shallow wells are set forth in W.Va. Code §22C-8-8. As an owner of coal that will be affected by shallow wells spaced under the 1,500 ft. minimum,

Pocahontas Land Corporation formally objects to Chesapeake's request for 1,000 ft. spacing. Furthermore, Chesapeake has not met its burden of establishing its need to drill the shallow wells within the 2,000 ft. minimum.

Notice

Chesapeake is attempting to alter the spacing requirements of shallow gas wells in an area with substantial coal reserves. Despite this fact, and despite having direct knowledge of the coal owners and operators that would be adversely affected by its request, Chesapeake failed to provide notice to many, if not all, of the affected coal owners and operators.

In fact, many of the coal operators and owners have not even been provided with a copy of the application for special field rules. It is shocking that Chesapeake would attempt to alter the spacing of its shallow wells in a three (3) county area in southwestern West Virginia without providing notice to the respective coal owners and operators.

Respectfully submitted,

Nicholas S. Preservati

NSP/meb

cc: Mr. Steve Hopta, Esquire
Keith Moffatt, Esquire
Sharon Flanery, Esquire
Mr. Mark Kinder

PRESERVATI LAW PLLC

May 29, 2007

James Martin, Chief
Oil & Gas Conservation Commission
West Virginia Department of Environmental Protection
601 57th Street
Charleston, West Virginia 25304

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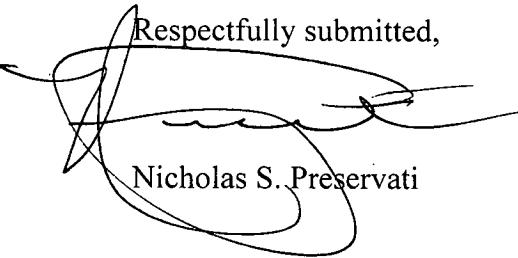
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nicholas S. Preservati", is written over the typed name. The signature is stylized with a large loop at the beginning and end.

Nicholas S. Preservati

NSP/meb

cc: Mr. Steve Hopta, Esquire
Keith Moffatt, Esquire
Sharon Flanery, Esquire
Mr. Mark Kinder

EXHIBIT – DOCKET NO. 181, CAUSE NO. 166

Allen & Jessie Gas Wells Inc.
Attention: Lewis D. Jessie, Sr.
Box 1437
Williamson, WV 25661

Alliance Resources Inc.
Attention: Jack Whiteman
P.O. Box 670249
Dallas, TX 75367-0247

Appalachian Energy, Inc.
Attention: Frank Hende
P.O. Box 2406
230 Charwood Drive
Abingdon, VA 24212

I. David Bartram
P.O. Box 306
Milton, WV 25541

Base Petroleum, Inc.
Attention: John Wilcox
Route 7, Box 407 ½
South Charleston, WV 25309

Bill & Jessie Inc.
P.O. Box 8213
Huntington, WV 25705

Brewer Natural Gas, LLC
Attention: W. E. Brewer, Jr.
825C Merrimon Ave., #315
Asheville, NC 28804-2404

Cabot Oil & Gas Corporation
Attention: Tom Liberatore
900 Lee Street, E., Suite 500
Charleston, WV 25301-4308

CDX Gas, LLC
803 Quarrier Street, Suite 400
Charleston, WV 25301

Christ Cathedral
HCR 68, Box 96
laeger, WV 24844

Classic Oil & Gas Resources Inc.
Attention: Robert Inghram
P.O. Box 31
Pinch, WV 25156

Classic Oil & Gas Resources Inc.
100 W. Brannon Road
Nicholasville, KY 40356

Loren Cline
HC 72, Box 181
Gilbert, WV 25621

Patricia H. Cody
3021 Fulton Street
Berkeley, CA 94705

D & R Energy
Attention: Richard Moore
P.O. Box 252
Spencer, WV 25276

Deep Ford Gas Company
P.O. Box 169
Charleston, WV 25321-0169

Dominion Exploration & Production Inc.
Attention: Rodney J. Biggs
P.O. Box 1248
One Dominion Drive
Jane Lew, WV 26378

Dominion Transmission, Inc.
Attention: James D. Blasingame
445 W. Main Street
Clarksburg, WV 26301

Equitable Production Company
Attention: Felix C. Sciullo
1710 Pennsylvania Avenue
Charleston, WV 25302

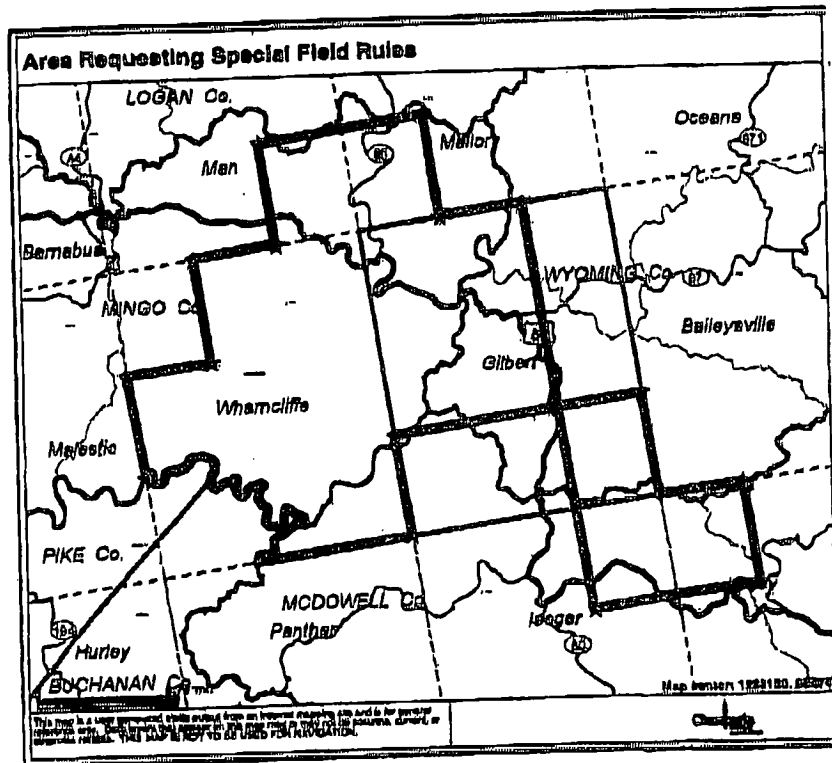
J. W. Kinzer
Attention: Timothy S. McNamee
16 W 5th Avenue
Williamson, WV 25661

Quality Natural Gas, LLC
Attention: James Hill
HC 71 Route 4, Box 87-A
Whanncliffe, WV 25651

Seneca-Upshur Petroleum
Attention: David Dean
P.O. Box 2048
Buckhannon, WV 26201

Ex. No. 1

LEGAL NOTICE

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

IN THE MATTER OF THE REQUEST BY CHESAPEAKE
APPALACHIA, L.L.C., FOR AN ORDER FROM THE COMMISSION
COMMISSION ESTABLISHING SPECIAL FIELD RULES
IN MCDOWELL, MINGO AND WYOMING COUNTIES,
WEST VIRGINIA

DOCKET NO. 161
CAUSE NO. 160

NOTICE OF PREHEARING CONFERENCE

Please be advised that Chesapeake Appalachia, L.L.C. ("Chesapeake") has made application to the Oil and Gas Conservation Commission ("Commission") for the establishment of Special Field Rules covering lands located in McDowell, Mingo and Wyoming Counties, West Virginia. The affected lands are shown on the attached map.

Chesapeake's request for Special Field Rules relates to oil and gas wells drilled to the Marcellus Shale formation which penetrate into the Onondaga Group. The Marcellus Shale sits directly above the Onondaga Group. In West Virginia, pursuant to West Virginia Code §22C-9-2(12), a deep well is defined as any well, other than a shallow well, drilled and completed in a formation at or below the top of the uppermost member of the Onondaga Group. The definition of a shallow well pursuant to West Virginia Code §22C-9-2(11) is any well drilled and completed in a formation above the top of the uppermost member of the "Onondaga Group"; Provided, that in drilling a shallow well the operator may penetrate into the "Onondaga Group" to a reasonable depth, not to exceed twenty (20) feet, in order to allow for logging and completion operations, but in no event may the "Onondaga Group" formation be otherwise produced, perforated or stimulated in any manner.

By virtue of the twenty (20) foot drilling limitation in the Onondaga Group, Chesapeake is not able to completely evaluate, treat and stimulate the entire section of the Marcellus Shale. Accordingly, in the area shown on the attached map, Chesapeake wishes to drill wells to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake has no intention to produce, perforate or stimulate the Onondaga Group in any manner. The purpose for drilling seventy-five (75) feet into the Onondaga Group is to allow sufficient rat-hole for logging and completion of the Marcellus Shale. Although the Marcellus is a shallow formation, Chesapeake is required to apply for a deep well permit by virtue of the above definitions. In order to avoid leaving natural gas reserves in place, it is not prudent to develop the Marcellus Shale fields utilizing the required deep well spacing of 3000 feet between wells and 400 feet from the lease line or unit boundary. Therefore, Chesapeake is requesting Special Field Rules establishing 1000 foot spacing between wells, and providing that each well be located not less than fifty (50) feet from the lease line or unit boundary. The Special Field Rules would apply to those wells drilled by Chesapeake to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake would agree not to produce, perforate, treat, or otherwise stimulate the Onondaga Group, unless and until it obtained a further Order from the Commission. In addition, with regard to deep well permits for Marcellus Shale formation wells in the affected area, Chesapeake requests that these Special Field Rules provide that Chesapeake would not have to conduct a pre-spud meeting prior to commencing drilling operations or prepare and submit a well safety plan for each such deep well.

A pre-hearing conference relating to Chesapeake's request for Special Field Rules has been scheduled for the following date and time:

Date: June 7, 2007

Time: 10:00 a.m.

Where: West Virginia Oil and Gas Conservation Commission
801 87th Street SE
Charleston, WV 25304

Chesapeake has made a diligent effort to determine the operators of any land that may be directly or immediately affected by this proposal. Any opponent to the application for Special Field Rules must file written notice to the Commission within ten (10) days of the date of this pre-hearing notice or the pre-hearing conference will not be held. This pre-hearing notice is hereby made and dated this 14th day of May, 2007.

5/15, 25, 21p

THIS LEGAL HAS 690 WORDS



JOINT
EXHIBIT

C

LAW DEPARTMENT

May 2, 2007

Ms. Cindy Raines
Oil & Gas Conservation Commission
601 57th Street
Charleston, WV 25304

Keith E. Moffatt
Senior Attorney
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, WV 25362-0070
DD: 304.353.5221
Fax: 304.353.5234
Email: kmoffatt@chkenegy.com

Re: Special Field Rules

Dear Ms. Raines:

Pursuant to West Virginia Code §22C-9 and the Title 39, Series One, Rules of the Commission, Chesapeake Appalachia, L.L.C. ("Chesapeake") hereby requests a hearing before the Oil & Gas Conservation Commission ("Commission") for the establishment of Special Field Rules. This request is based upon the following facts and circumstances.

Chesapeake is active in drilling wells to the Marcellus Shale formation in portions of McDowell, Mingo and Wyoming Counties, West Virginia. The Marcellus Shale sits directly above the Onondaga Limestone. In West Virginia, pursuant to West Virginia Code §22C-9-2(12), a deep well is defined as any well, other than a shallow well, drilled and completed in a formation at or below the top of the uppermost member of the Onondaga Group. The definition of a shallow well pursuant to West Virginia Code §22C-9-2(11) is any well drilled and completed in a formation above the top of the uppermost member of the "Onondaga Group": Provided, that in drilling a shallow well the operator may penetrate into the "Onondaga Group" to a reasonable depth, not to exceed twenty feet, in order to allow for logging and completion operations, but in no event may the "Onondaga Group" formation be otherwise produced, perforated or stimulated in any manner.

By virtue of the twenty (20) foot drilling limitation in the Onondaga Group, Chesapeake is not able to completely evaluate, treat and stimulate the entire section of the Marcellus Shale. Accordingly, in the area shown on the attached map, Chesapeake wishes to drill wells to a total depth not to exceed seventy-five (75) feet into the Onondaga Limestone. Chesapeake has no intention to produce, perforate or stimulate the Onondaga in any manner at the present time. The purpose for drilling seventy-five (75) feet into the Onondaga is to allow sufficient rat-hole for logging and completion of the Marcellus Shale. Although the Marcellus Shale is a shallow formation, Chesapeake is required to apply for a deep well permit by virtue of the above definitions. In order to avoid leaving natural gas reserves in place, it is not prudent to develop the Marcellus Shale fields

Chesa Reg for
hearing

utilizing the required deep well spacing of 3000 feet between wells and 400 feet from the lease line or unit boundary. Therefore, Chesapeake is requesting Special Field Rules establishing 1000 foot spacing between wells, and providing that each well be located not less than 50 feet from the lease line or unit boundary. The Special Field Rules would apply to those wells drilled by Chesapeake to a total depth not to exceed seventy-five (75) feet into the Onondaga Limestone. Chesapeake would agree not to produce, perforate, frac or otherwise stimulate the Onondaga Group, unless and until it obtained a further Order from the Commission. In addition, with regard to deep well permits for Marcellus Shale wells in the subject area, Chesapeake requests that the Special Field Rules provide that Chesapeake would not have to conduct a pre-spud meeting prior to commencing drilling operations or prepare and submit a well site safety plan for each such deep well.

As you know, the public policy of this State is to foster, encourage and promote exploration for the development, production, utilization and conservation of oil and gas resources. The Commission is charged with the obligation to prohibit waste of oil and gas resources and encourage the maximum recovery of same. Chesapeake's request for Special Field Rules is consistent with this public policy because it will permit Chesapeake to efficiently and adequately explore, stimulate, treat and produce the Marcellus Shale.

Chesapeake realizes that a notice of a pre-hearing conference to the Commission and affected operators is required pursuant to the West Virginia Code of State Regulations, Title 39, Series 1 section 6.1. Chesapeake will provide this notice to the Commission after it receives notice that a hearing date has been set. Since Chesapeake does not anticipate any opposition to its request for Special Field Rules, Chesapeake requests that the Commission schedule the pre-hearing conference and hearing on the same day.

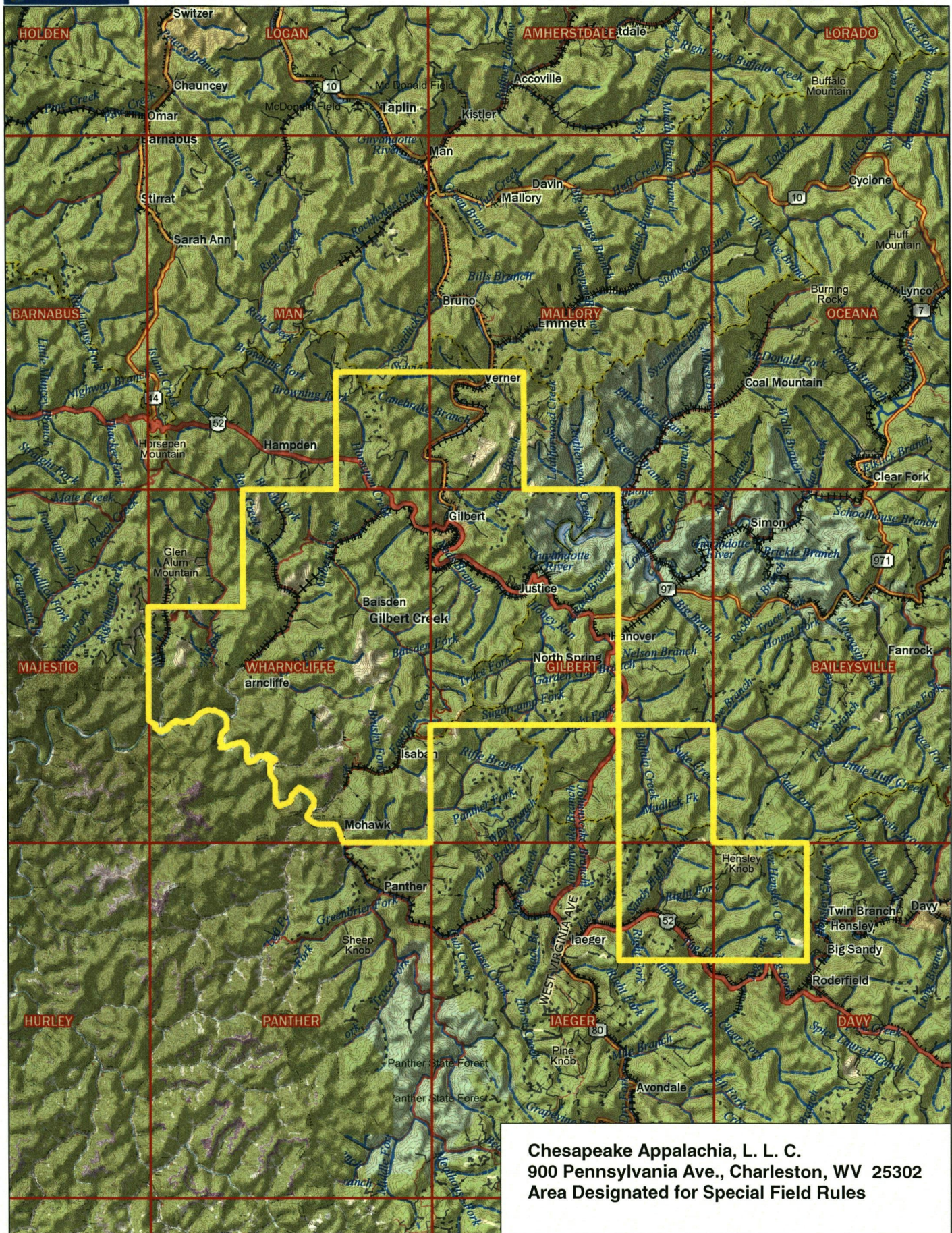
Thank you for your consideration of this matter. If you have any questions, please feel free to call me at the above number or Brett Loflin at 391-5518.

Sincerely,


Keith E. Moffatt

Attachment

cc: Brett Loflin – Chesapeake Appalachia, L.L.C.
Eddy Grey – Chesapeake Appalachia, L.L.C.

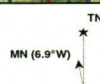


Chesapeake Appalachia, L. L. C.
 900 Pennsylvania Ave., Charleston, WV 25302
 Area Designated for Special Field Rules

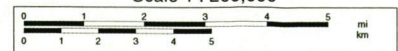
Data use subject to license.

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www.delorme.com



Scale 1 : 200,000





May 29, 2007

James Martin, Chief
Oil & Gas Conservation Commission
West Virginia Department of Environmental Protection
601 57th Street
Charleston, West Virginia 25304

Re: In the Matter of the Request by Chesapeake Appalachia, LLC for an Order from the Commission Establishing Special Field Rules in McDowell, Mingo, and Wyoming Counties, West Virginia.

Dear Mr. Martin:

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objection from
nick Preserrati

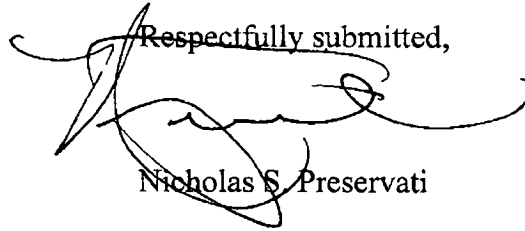
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Respectfully submitted,



Nicholas S. Preservati

NSP/meb

cc: Mr. Steve Hopta, Esquire
Keith Moffatt, Esquire
Sharon Flanery, Esquire
Mr. Mark Kinder



west virginia department of environmental protection

Oil and Gas Conservation Commission
601 57th Street, Charleston, WV 25304

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

May 7, 2007

Independent Herald
Attn: Legal Ad
P O Box 100
Pineville, WV 24801

RE: Legal advertisement

Dear Sir:

Please publish the enclosed "Notice of Hearing" as a legal advertisement on Wednesday, May 23, and again on Wednesday, May 30, 2007. Please send invoice and certification to:

Oil and Gas Conservation Commission
Attention: Cindy Raines
601 57th Street, SE
Charleston, WV 25304

If you have any questions, please call me at 304.926.0499, ext 1656.

Sincerely,

Cindy Raines
Adm. Secretary

encl:

Promoting a healthy environment.

**JOINT
EXHIBIT**

D

Commissions

Notice of Hearing
publications for
McDowell
Mingo and Wyoming
County



west virginia department of environmental protection

Oil and Gas Conservation Commission
601 57th Street, Charleston, WV 25304

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

May 7, 2007

Welch News
Attn: Legal Ad
P O Box 569
Welch, WV 24801

RE: Legal advertisement

Dear Sir:

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Attention: Cindy Raines
601 57th Street, SE
Charleston, WV 25304

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Sincerely,

Cindy Raines
Adm. Secretary

encl:



west virginia department of environmental protection

Oil and Gas Conservation Commission
601 57th Street, Charleston, WV 25304

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

May 7, 2007

Williamson Daily News
Attn: Legal Ad
P O Box 1660
Williamson, WV 24801

RE: Legal advertisement

Dear Sir:

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Oil and Gas Conservation Commission
Attention: Cindy Raines
601 57th Street, SE
Charleston, WV 25304

If you have any questions, please call me at 304.926.0499, ext 1656.

Sincerely,

Cindy Raines
Adm. Secretary

encl:

Ex. No. 4

State of West Virginia, Wyoming County, to-wit:

I, Gaither Perry, Publisher of Independent Herald, a paper published in the County aforesaid, do affirm that the

LEGAL NOTICE (DOC. 181)

hereto

attached was published in said paper for 2 successive weeks, the first publication thereof being on 23rd day of May 2007 and the subsequent publication on the 30th day of May 2007, the day of , 2007, the day of , 2007, and the day of , 2007.

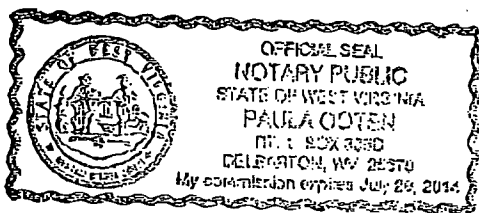
[Signature]

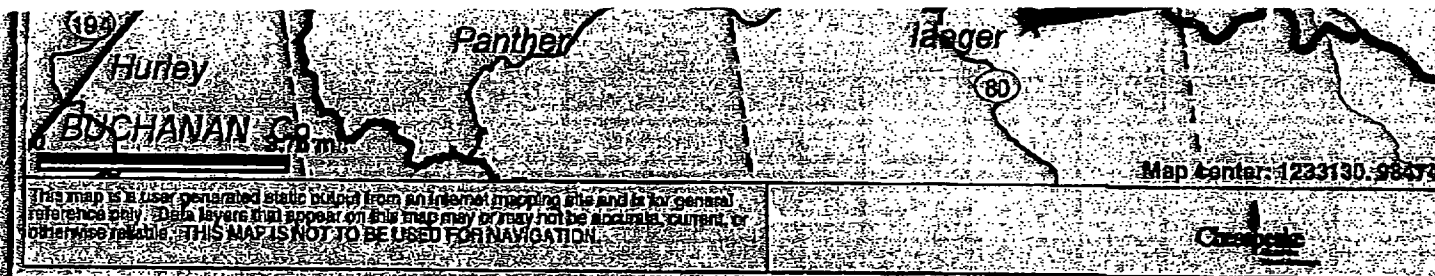
State of West Virginia, Wyoming, to-wit:

 being duly sworn, says that he posted a copy of the annexed at the front door of the Court House of said County, on the day of , 2007.

Taken, subscribed and sworn to before me, this 5th day of JUNE, 2007. Printer's fee \$ 648.80

Paula Ooten
Notary Public





BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

IN THE MATTER OF THE REQUEST BY CHESAPEAKE
APPALACHIA, L.L.C. FOR AN ORDER FROM THE
COMMISSION ESTABLISHING SPECIAL FIELD RULES
IN McDOWELL, MINGO AND WYOMING COUNTIES,
WEST VIRGINIA.

DOCKET NO. 181

CAUSE NO. 166

NOTICE OF PREHEARING CONFERENCE

Please be advised that Chesapeake Appalachia, L.L.C. ("Chesapeake") has made application to the Oil and Gas Conservation Commission ("Commission") for the establishment of Special Field Rules covering lands located in McDowell, Mingo and Wyoming Counties, West Virginia. The affected lands are shown on the attached map.

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By virtue of the twenty (20) foot drilling limitation in the Onondaga Group, Chesapeake is not able to completely evaluate, treat and stimulate the entire section of the Marcellus Shale. Accordingly, in the area shown on the attached map, Chesapeake wishes to drill wells to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake has no intention to produce, perforate or stimulate the Onondaga Group in any manner. The purpose for drilling seventy-five (75) feet into the Onondaga Group is to allow sufficient rat-hole for logging and completion of the Marcellus Shale. Although the Marcellus is a shallow formation, Chesapeake is required to apply for a deep well permit by virtue of the above definitions. In order to avoid leaving natural gas reserves in place, it is not prudent to develop the Marcellus Shale fields utilizing the required deep well spacing of 8000 feet between wells and 400 feet from the lease line or unit boundary. Therefore, Chesapeake is requesting Special Field Rules establishing 1000 foot spacing between wells, and providing that each well be located not less than fifty (50) feet from the lease line or unit boundary. The Special Field Rules would apply to those wells drilled by Chesapeake to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake would agree not to produce, perforate, treat, or otherwise stimulate the Onondaga Group, unless and until it obtained a further Order from the Commission. In addition, with regard to deep well permits for Marcellus Shale formation wells in the affected area, Chesapeake requests that these Special Field Rules provide that Chesapeake would not have to conduct a pre-sold meeting prior to commencing drilling operations or prepare and submit a well safety plan for each such deep well.

A pre-hearing conference relating to Chesapeake's request for Special Field Rules has been scheduled for the following date and time:

Date: June 7, 2007

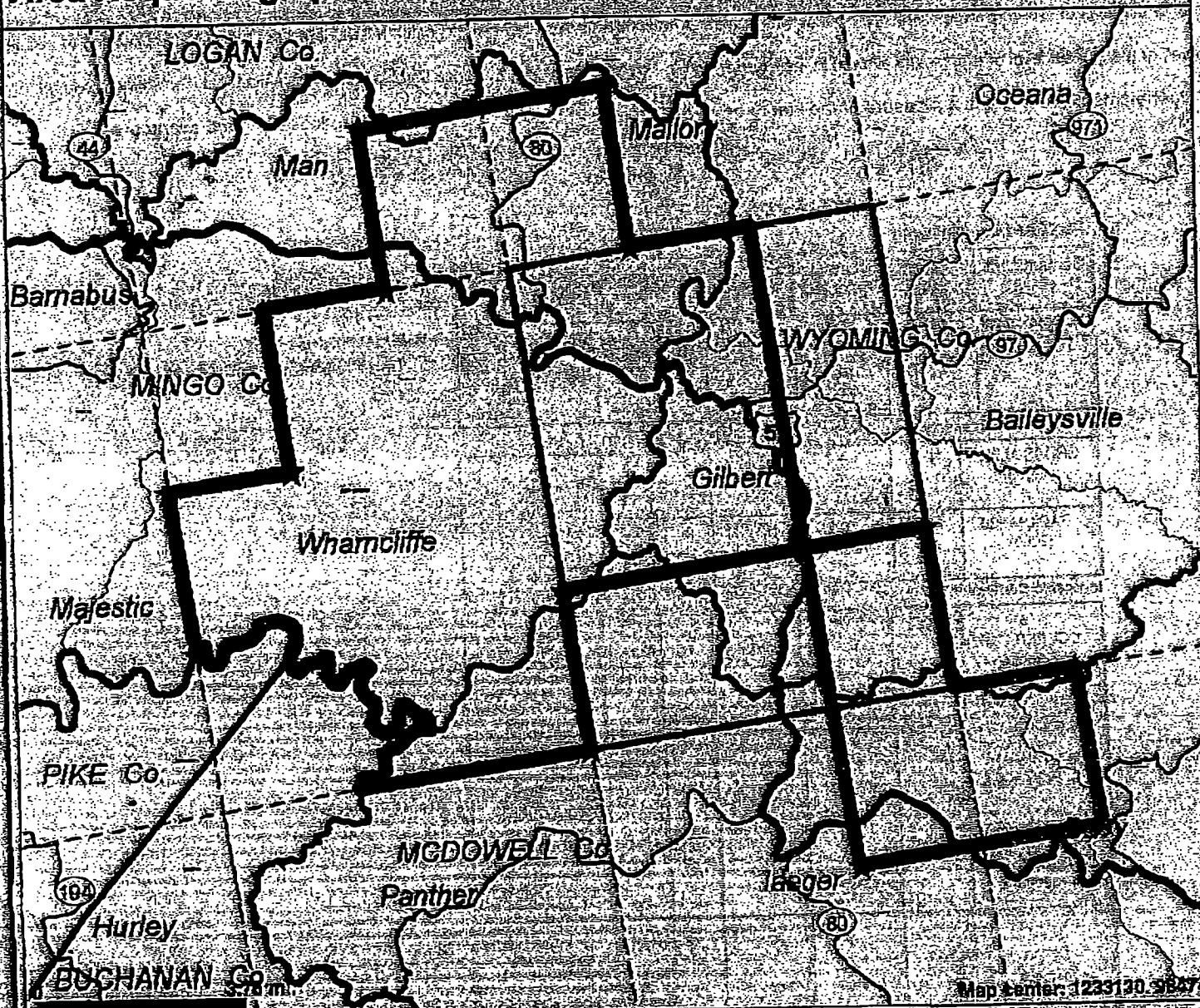
Time: 10:00 a.m.

Where: West Virginia Oil and Gas Conservation Commission
601 57th Street SE
Charleston, WV 25304

Chesapeake has made a diligent effort to determine the operators of any lands that may be directly or immediately affected by this proposal. Any opponent to the application for Special Field Rules must file written notice to the Commission within ten (10) days of the date of this pre-hearing notice or the pre-hearing conference will not be held. This pre-hearing notice is hereby made and dated this 14th day of May, 2007.

LEGAL ADVERTISEMENT

Area Requesting Special Field Rules

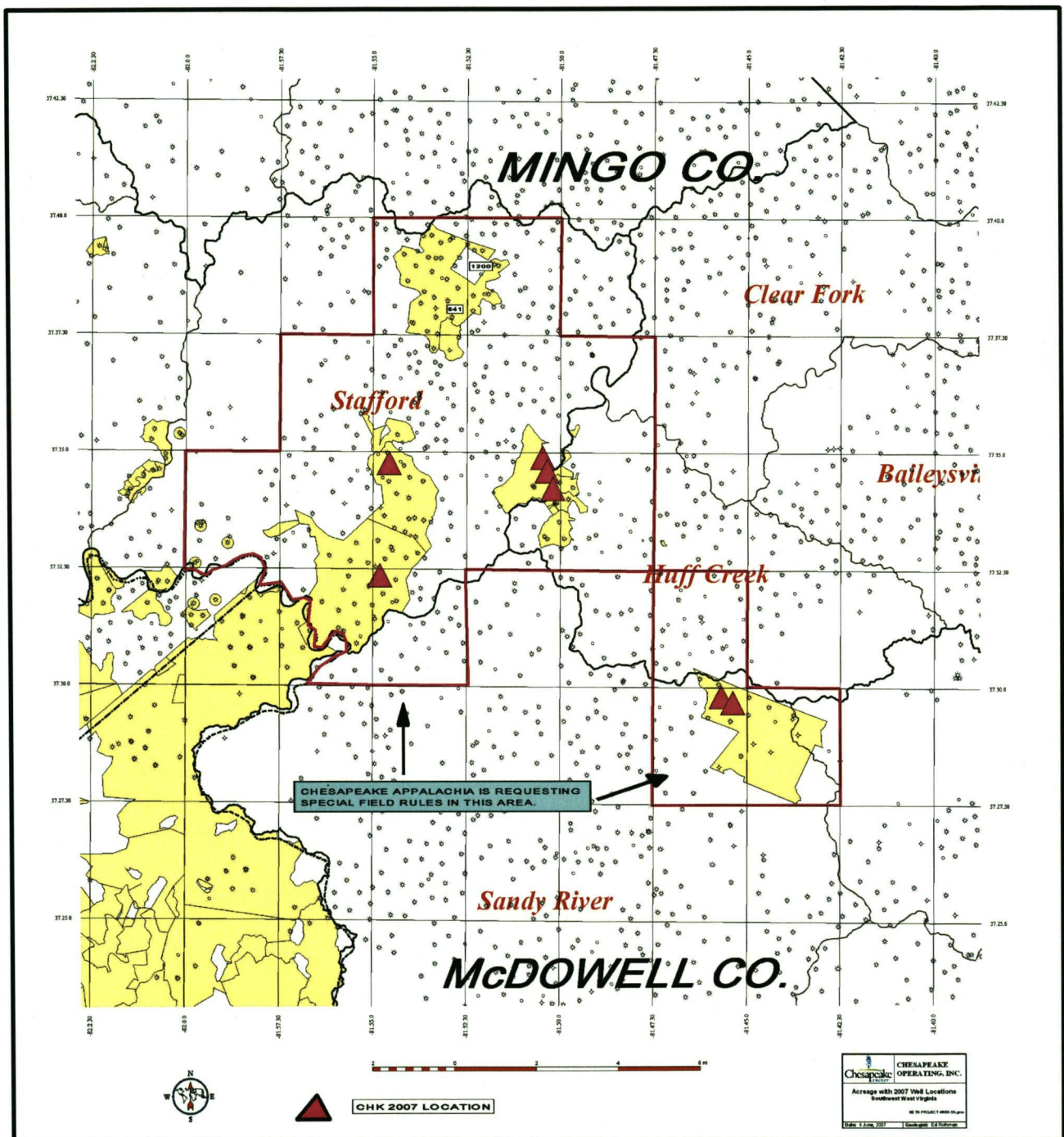


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Chapelle

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

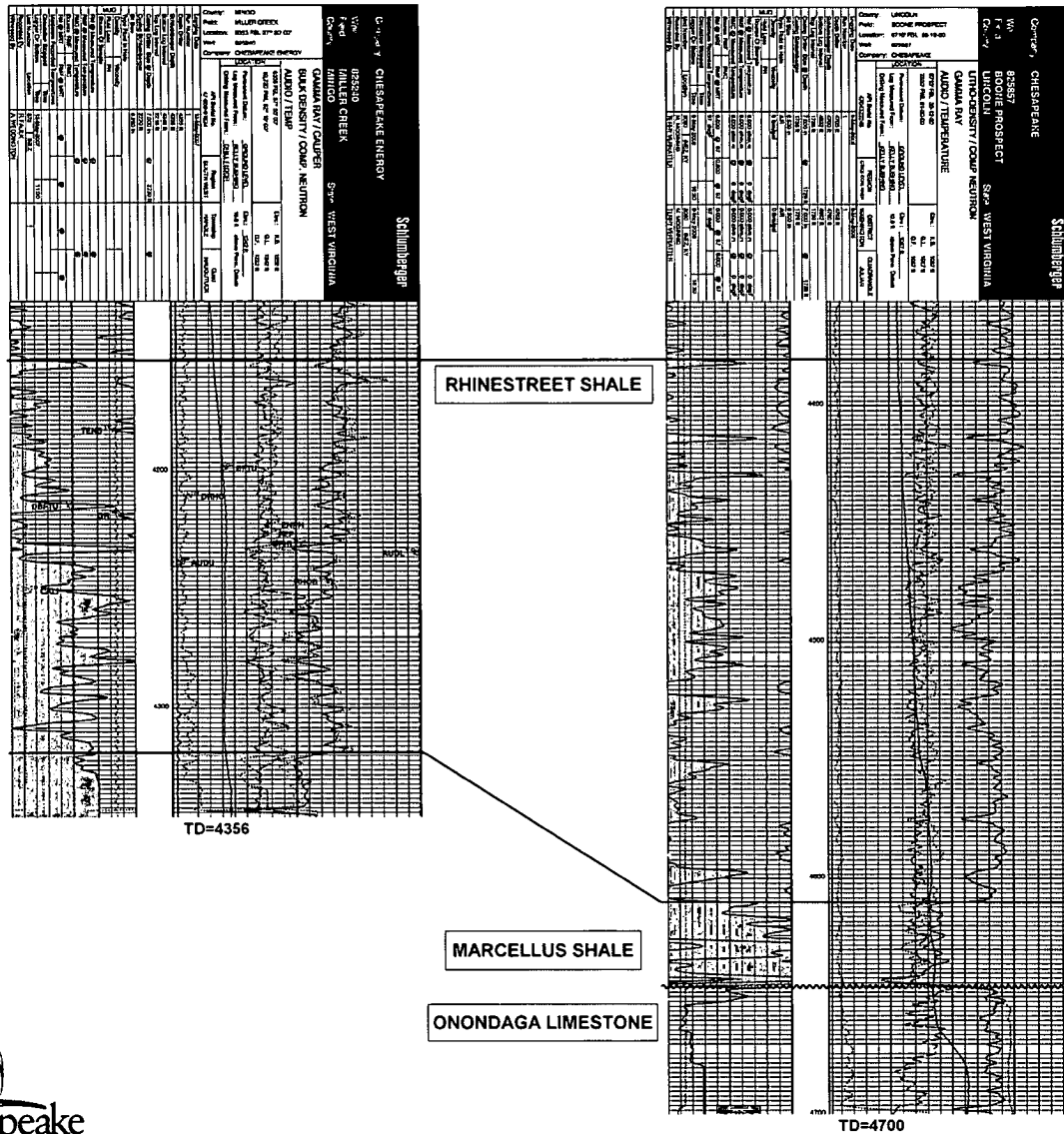
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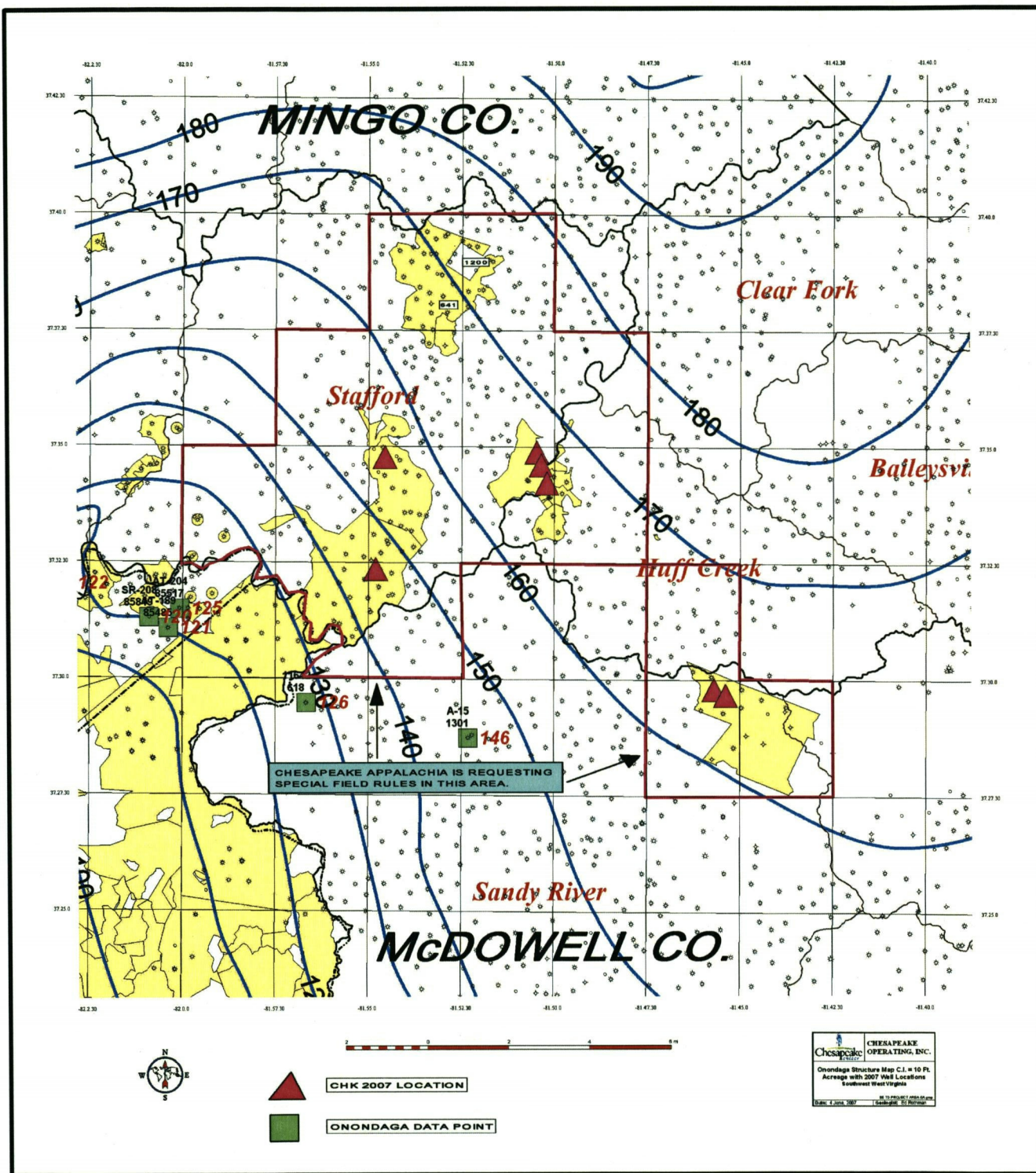
Base Map with CHK Acreage, Wells & 2007 Wells

Ex No. 5

Rhinestreet & Marcellus Shale



Ex. No. 6



Onondaga Isopach Map

C. I. = 10 Feet

Ex. No. 7

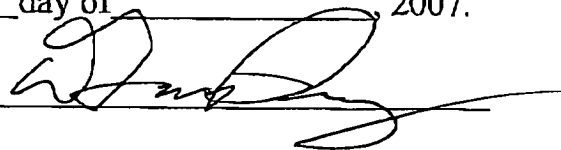
State of West Virginia, Mingo County, to-wit:

I, Gaither Perry, Publisher of Williamson Daily News, a paper published in the County aforesaid, do affirm that

LEGAL NOTICE (DOC 181)

hereto

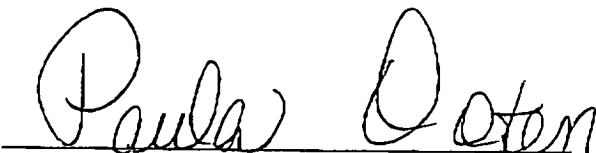
attached was published in said paper for 2 successive weeks,
the first publication thereof being on the 17th
day of May 2007 and the subsequent publication on the 24th day of May 2007, the
____ day of _____, 2007, the
____ day of _____ 2007, and the
____ day of _____ 2007.



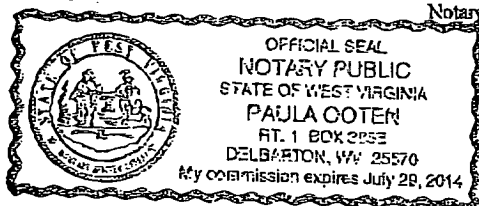
State of West Virginia, Mingo, to-wit:

____ being duly sworn,
says that he posted a copy of the annexed _____
_____ at the front door of the
Court House of said County, on the _____ day of
____, 2007.

Taken, subscribed and sworn to before me, this 5th
day of JUNE 2007. Printer's fee \$ 648.80



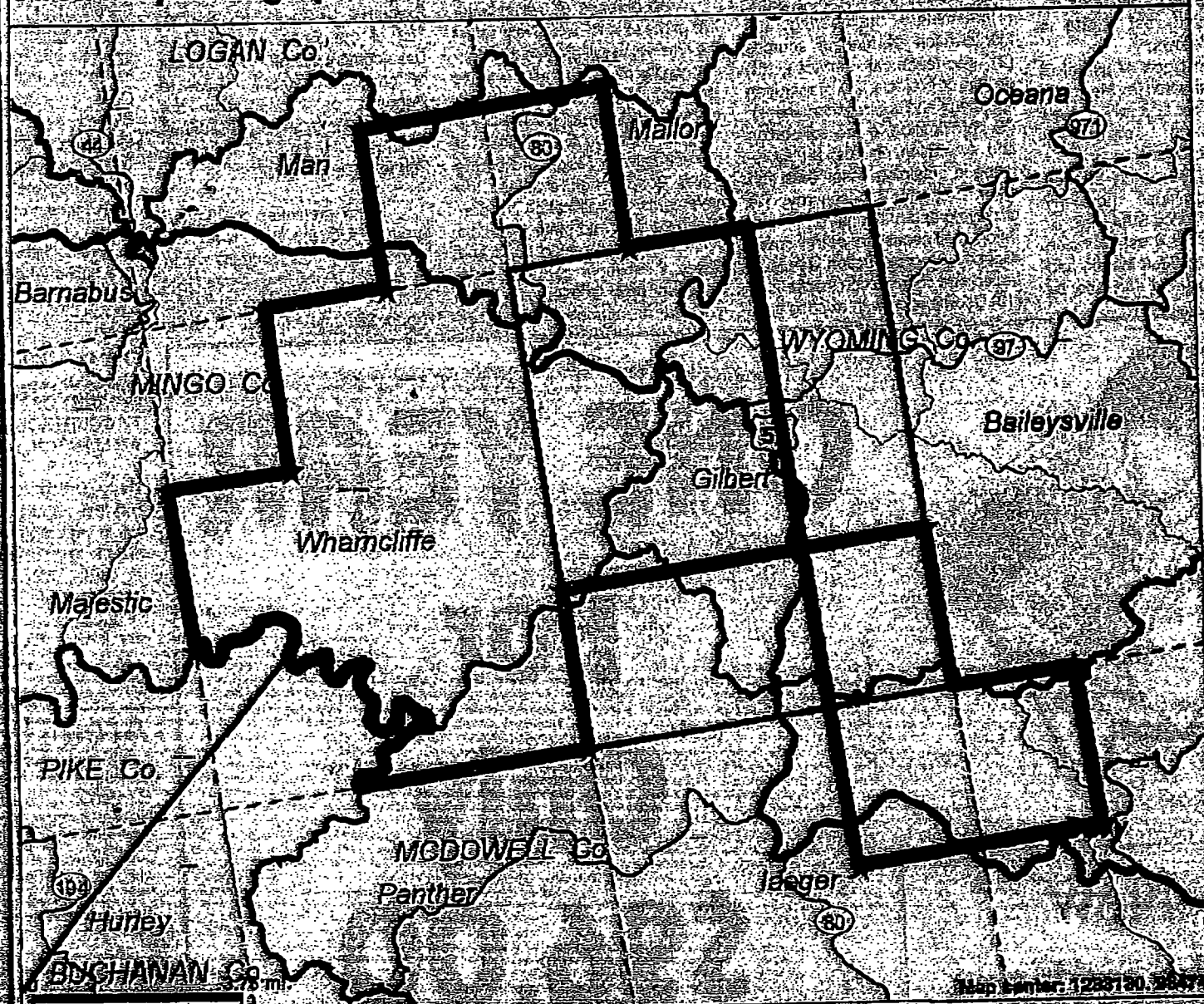
Notary Public



Ex. No. 3

LEGAL ADVERTISEMENT

Area Requesting Special Field Rules

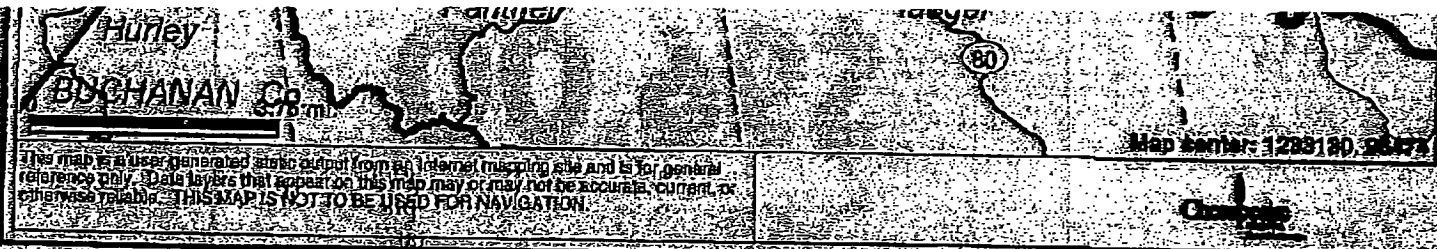


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OF 2
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BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA



BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

IN THE MATTER OF THE REQUEST BY CHESAPEAKE
APPALACHIA, L.L.C. FOR AN ORDER FROM THE
COMMISSION ESTABLISHING SPECIAL FIELD RULES
IN McDOWELL, MINGO AND WYOMING COUNTIES,
WEST VIRGINIA

DOCKET NO. 181

CAUSE NO. 166

NOTICE OF PREHEARING CONFERENCE

Please be advised that Chesapeake Appalachia, L.L.C. ("Chesapeake") has made application to the Oil and Gas Conservation Commission ("Commission") for the establishment of Special Field Rules covering lands located in McDowell, Mingo and Wyoming Counties, West Virginia. The affected lands are shown on the attached map.

Chesapeake's request for Special Field Rules relates to oil and gas wells drilled to the Marcellus Shale formation which penetrate into the Onondaga Group. The Marcellus Shale sits directly above the Onondaga Group. In West Virginia pursuant to West Virginia Code §22C-9-2(12), a deep well is defined as any well, other than a shallow well, drilled and completed in a formation at or below the top of the uppermost member of the Onondaga Group. The definition of a shallow well pursuant to West Virginia Code §22C-9-2(11) is any well drilled and completed in a formation above the top of the uppermost member of the Onondaga Group. Provided that in drilling a shallow well the operator may penetrate into the Onondaga Group to a reasonable depth, not to exceed twenty (20) feet in order to allow for logging and completion operations, but in no event may the Onondaga Group formation be otherwise produced, perforated or stimulated in any manner.

By virtue of the twenty (20) foot drilling limitation in the Onondaga Group, Chesapeake is not able to completely evaluate, treat and stimulate the entire section of the Marcellus Shale. Accordingly, in the area shown on the attached map, Chesapeake wishes to drill wells to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake has no intention to produce, perforate or stimulate the Onondaga Group in any manner. The purpose for drilling seventy-five (75) feet into the Onondaga Group is to allow sufficient rat-hole for logging and completion of the Marcellus Shale. Although the Marcellus is a shallow formation, Chesapeake is required to apply for a deep well permit by virtue of the above definitions. In order to avoid leaving natural gas reserves in place, it is not prudent to develop the Marcellus Shale fields utilizing the required deep well spacing of 3000 feet between wells and 400 feet from the lease line or unit boundary. Therefore, Chesapeake is requesting Special Field Rules establishing 1000 foot spacing between wells, and providing that each well be located not less than fifty (50) feet from the lease line or unit boundary. The Special Field Rules would apply to those wells drilled by Chesapeake to a total depth not to exceed seventy-five (75) feet into the Onondaga Group. Chesapeake would agree not to produce, perforate, treat, or otherwise stimulate the Onondaga Group, unless and until it obtained a further Order from the Commission. In addition with regard to deep well permits for Marcellus Shale formation wells in the affected area, Chesapeake requests that these Special Field Rules provide that Chesapeake would not have to conduct a pre-sud meeting prior to commencing drilling operations or prepare and submit a well safety plan for each such deep well.

A pre-hearing conference relating to Chesapeake's request for Special Field Rules has been scheduled for the following date and time:

Date: June 7, 2007

Time: 10:00 a.m.

Where: West Virginia Oil and Gas Conservation Commission
601 57th Street SE
Charleston, WV 25304

Chesapeake has made a diligent effort to determine the operators of any lands that may be directly or immediately affected by this proposal. Any opponent to the application for Special Field Rules must file written notice to the Commission within ten (10) days of the date of this pre-hearing notice or the pre-hearing conference will not be held. This pre-hearing notice is hereby made and dated this 14th day of May, 2007.

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WEST VIRGINIA

Docket No. 181

Cause No. 166

IN THE MATTER OF THE REQUEST BY
CHESAPEAKE APPALACHIA, LLC, FOR AN
ORDER FROM THE COMMISSION ESTABLISHING
SPECIAL FIELD RULES IN McDOWELL, MINGO
AND WYOMING COUNTIES, WEST VIRGINIA,
COVERING MAN, MALLORY, WHARNCLIFFE,
GILBERT, IAEGER AND DAVY QUADRANGLES.

Transcript of proceedings taken on the
7th day of June, 2007, at 12:05 p.m., in the offices
of West Virginia Department of Environmental
Protection located at 601 57th Street, Southeast,
Charleston, West Virginia, pursuant to notice.

COPY

BONNIE K. WOLFE

Certified Court Reporter

1211 Ellen Drive

South Charleston, West Virginia 25303

(304) 744-4318

APPEARANCES:

BOARD:

Barry Lay, Chairman
Christie Utt, Attorney
James Martin
Anthony Gum
Robert Radabaugh

ON BEHALF OF THE APPLICANT:

Keith Moffatt, Esquire

ON BEHALF OF EASTERN COAL COMPANY:

Chris Mullen, Esquire

ON BEHALF OF PETROEDGE, NORTH STAR ENERGY AND
TRANS ENERGY:

Kenneth Tawney, Esquire

ON BEHALF OF CONSOL:

William Mohler, Esquire

ON BEHALF OF PENN VIRGINIA AND
LGCR:

Valerie Raupp, Esquire

ON BEHALF OF EQUITABLE (EPC):

Ben Sullivan, Esquire

INDEX

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>EXAMINATION</u>
Brett Loflin	6		10
Ed Rothman	11	16	17 18
Rob Schindler	19	20 21 24	23
Jeff Cable	25	26	

JOINT EXHIBITSIDENTIFIED RECEIVED

A (Notice of Hearing)	4	4
B (Preservati Law Letter)	5	5
C (Chesapeake Request)	5	5
D (Affidavits of Publication)	5	5

CHESAPEAKE EXHIBITS

Nos. 1-4	4	10
No. 5	4	16
No. 6	4	16
No. 7	4	16
No. 8	27	27

1 (WHEREUPON, said documents
2 were identified as Chesapeake
3 Exhibits Nos. 1-7.)

4 CHAIRMAN LAY: Before the Oil and
5 Gas Conservation Commission of the State of West
6 Virginia in the matter of the request by Chesapeake
7 Appalachia, LLC, for an order from the Commission
8 establishing special field rules in McDowell, Mingo
9 and Wyoming Counties, West Virginia. This is Docket
10 No. 181, Cause No. 166.

11 Let the record show that present
12 are members of the Commission, Bob Radabaugh, Tony
13 Gum, James Martin, Barry Lay and Christie Utt,
14 counsel for the Commission, and Cindy Raines from
15 staff.

16 (WHEREUPON, said document was
17 identified as Joint Exhibit A and is
18 attached hereto and made a part
19 hereof.)

20 CHAIRMAN LAY: I'd like to place of
21 record as Exhibit A for the Commission a top copy of
22 the Notice of Hearing with the return receipt cards
23 collectively as Exhibit A.

1 (WHEREUPON, said document was
2 identified as Joint Exhibit B and is
3 attached hereto and made a part
4 hereof.)

5 CHAIRMAN LAY: Exhibit B is a copy
6 of a letter dated May 29th from Preservati Law,
7 PPLC, objecting to the special field rules.

8 (WHEREUPON, said document was
9 identified as Joint Exhibit C and is
10 attached hereto and made a part
11 hereof.)

12 CHAIRMAN LAY: Exhibit C, a copy of
13 the request dated May 2nd, from Chesapeake,
14 requesting hearing for special field rules.

15 (WHEREUPON, said document was
16 identified as Joint Exhibit D and is
17 attached hereto and made a part
18 hereof.)

19 CHAIRMAN LAY: And D, three
20 affidavits of publication by the Commission all
21 dated May 7th collectively as Exhibit D.

22 The Commission at this time will
23 take appearances.

1 MR. MOFFATT: Keith Moffatt
2 appearing on behalf of Chesapeake Appalachia with
3 the witnesses, Brett Loflin, Ed Rothman, Rob
4 Schindler and Jeff Cable.

5 MR. PRESERVATI: Nick Preservati
6 on behalf of Pocahontas Land and Argus Energy.

7 MR. TAWNEY: Kenneth Tawney on
8 behalf of PetroEdge Resources, WVLLC, North Star
9 Energy Corporation and Trans Energy Corporation.
10 With me is Joe Holson of PetroEdge.

11 MS. RAUPP: Valerie Raupp on behalf
12 of Penn Virginia.

13 MR. SULLIVAN: Ben Sullivan on
14 behalf of Equitable Production Company.

15 CHAIRMAN LAY: Mr. Moffatt, do you
16 want to call your first witness, please?

17 MR. MOFFATT: Certainly. Mr. Brett
18 Loflin.

19 (Witness sworn.)

20 THEREUPON came

21 BRETT LOFLIN

22 called as a witness by the Applicant herein, having
23 been first duly sworn according to law, testified as

1 follows:

2 DIRECT EXAMINATION

3 BY MR. MOFFATT:

4 Q Mr. Loflin, would you please state
5 your name for the record?

6 A Brett Loflin.

7 Q Mr. Loflin, in a matter that was
8 just heard, Docket No. 180, Cause No. 165, I asked
9 you certain questions regarding your employment and
10 certain background history. If I ask you the same
11 questions here right now, would the answers be the
12 same?

13 A Yes, they would.

14 Q Mr. Loflin, on the easel, we have
15 what has been pre-marked Chesapeake No. 5, which
16 shows the acreage encompassed in Chesapeake's
17 request for special field rules. Could you tell the
18 Commission how much acreage is included within that
19 area?

20 A Yes. Within the red boundary on
21 the exhibit, there's approximately sixty-five
22 thousand five hundred and fifty-three acres.

23 Q And how much of that acreage is

1 either owned or leased by Chesapeake?

2 A Chesapeake controls approximately
3 fifteen thousand seventy-seven acres.

4 Q Now, with regard to the operators
5 within that area, did Chesapeake make reasonable
6 efforts to locate or identify those operators?

7 A Yes, we did.

8 Q And how many operators were
9 identified?

10 A Twenty-two operators were
11 identified and noticed.

12 Q I'm going to show you what has
13 been marked Chesapeake Exhibit No. 1. Could you
14 please look at that and tell me if that is an
15 accurate list of the operators who have been
16 identified?

17 A Yes, it is.

18 Q Did Chesapeake send by certified
19 mail notice of the pre-hearing conference for this
20 matter to the operators listed on Exhibit 1?

21 A Yes.

22 Q How many counties are included in
23 the area where Chesapeake is requesting special

1 field rules?

2 A There are portions of three
3 separate counties, McDowell, Mingo and Wyoming
4 Counties.

5 Q Did Chesapeake cause to be
6 published in newspaper circulated in those counties
7 notice of the pre-hearing conference?

8 A Yes.

9 Q Now, I will show you what has
10 marked Chesapeake's Exhibits Nos. 2, 3 and 4. Would
11 you please look at those documents and tell me if
12 those are Affidavits of Publications showing that
13 the notice of pre-hearing conference has been
14 published in newspapers circulated in those
15 counties?

16 A Yes, they are.

17 MR. MOFFATT: I have no further
18 questions for Mr. Loflin and would ask that Exhibits
19 1 through 4 be admitted into evidence.

20 CHAIRMAN LAY: Do you want Exhibit
21 5?

22 MR. MOFFATT: I think we have only
23 four right now.

1 CHAIRMAN LAY: The map.

2 MR. MOFFATT: Not yet. That will
3 be Mr. Rothman.

4 CHAIRMAN LAY: Okay. Any
5 objections to 1 through 4? We'll admit the exhibit.

6 (WHEREUPON, the documents
7 previously identified as Chesapeake
8 Exhibits Nos. 1-4 were received
9 in evidence and are attached hereto
10 and made a part hereof.)

11 CHAIRMAN LAY: Any questions for
12 the witness?

13

14 EXAMINATION

15 BY MR. RADABAUGH:

16 Q One real quick. How does Wyoming
17 County fit into the puzzle up there?

18 A There's a-- I need to get a
19 little closer to the map, if you don't mind. Yeah.
20 We have just a little bit of Wyoming County comes
21 down in from that (indicating) portion.

22 Q Okay. It wasn't printed on there,
23 so I didn't know. My West Virginia geography isn't

1 too good.

2 A Sorry.

3 Q I didn't know where it was. I'm
4 from northern West Virginia. Okay.

5 A That's quite all right.

6 CHAIRMAN LAY: Any other cross? If
7 not, the witness can be excused.

8 (Witness excused.)

9 CHAIRMAN LAY: Call your next
10 witness, Mr. Moffatt.

11 MR. MOFFATT: Mr. Ed Rothman.

12

13 (Witness sworn.)

14 THEREUPON came

15 ED ROTHMAN

16 called as a witness by the Applicant herein, being
17 first duly sworn according to law, testified as
18 follows:

19 DIRECT EXAMINATION

20 BY MR. MOFFATT:

21 Q Mr. Rothman, in the matter of
22 Docket No. 180, Cause No. 165, I asked you certain
23 questions regarding your background and employment

1 history and job duties and responsibilities. If I
2 asked you those questions now, would your answers be
3 the same?

4 A They would.

5 Q Mr. Rothman, if you'd look at the
6 easel we have up there, what has been marked as
7 Chesapeake Exhibit No. 5, did you prepare that map
8 in preparation for your testimony here today?

9 A I did.

10 Q And would you explain for the
11 Commission, please, what that map demonstrates?

12 A It's a map showing portions of
13 Mingo, McDowell and Wyoming Counties. It shows the
14 boundary of the area that we're requesting special
15 field rules for.

16 The yellow is acreage that is
17 controlled by Chesapeake. The small black dots are
18 wells that have been drilled in this area. And the
19 rose-colored triangles are wells that Chesapeake
20 plans to drill in 2007.

21 Q Does Chesapeake have plans to
22 drill wells in that area in the future?

23 A Yes, we do.

1 Q Do you know how many?

2 A There's approximately fifty-seven
3 locations left in those properties.

4 Q And is it possible that in the
5 future Chesapeake may look to acquire additional
6 acreage within that area either through farm-outs or
7 joint ventures or leasing of open acreage?

8 A Yes, it is.

9 Q Now, in Docket No. 180, Cause No.
10 165, I asked you certain questions regarding logging
11 and the difficulty that the twenty-foot limitation
12 presents in logging the Marcellus formation. If I
13 ask you those same questions now, would your answers
14 be the same?

15 A Yes, they would.

16 Q And also in Docket No. 180, Cause
17 No. 165, I asked you whether or not it is difficult
18 to not drill more than twenty feet into the Onondaga
19 when drilling Marcellus formation wells. If I ask
20 you those same questions now, would your answers be
21 the same?

22 A Yes, they would.

23 Q And if you would look at the

1 easel, Mr. Rothman, that is an exhibit which has
2 been marked Chesapeake Exhibit No. 6. And in Docket
3 No. 180, Cause No. 165, it was marked Columbia-- or
4 Chesapeake, excuse me, Exhibit No. 7. If I ask you
5 the same questions here regarding that exhibit,
6 would your answers be the same?

7 A Yes, they would.

8 Q Now, on the easel is a map which
9 has been marked Chesapeake Exhibit No. 7, did you
10 prepare that map in preparation for your testimony
11 here today?

12 A Yes, I did.

13 Q And would you please explain to
14 the Commission what that map demonstrates?

15 A It is a map that basically shows
16 the thickness of the Onondaga formation in the area.
17 It contains our acreage. Wells drilled are 2007
18 wells. It also has the boundary for the area that
19 we're asking special field rules. It shows the
20 thickness of the Onondaga to be a hundred and thirty
21 to a hundred eighty foot thick in that area.

22 Q Now, in this area, if Chesapeake
23 is allowed to drill seventy-feet below the Marcellus

1 formation, would you remain in the Onondaga group?

2 A Yes, you would.

3 Q And as part of Chesapeake's
4 request, does Chesapeake have any intention of
5 completing or producing from the Onondaga formation?

6 A No, we don't.

7 Q Do you know if any portion of the
8 Onondaga formation in this area is capable of
9 commercial production?

10 A There have been a few wells in the
11 area that have had gas out of the Onondaga, but the
12 flows have been fairly small. But, you know, like I
13 said earlier, the Onondaga, you know, can be
14 fractured or have some small pay zones in it that
15 are better capable of production.

16 Q If Chesapeake did in fact
17 encounter protection beyond Onondaga group in this
18 area, would it be your testimony that Chesapeake
19 would not produce or complete that formation without
20 further order from this Commission?

21 A That's correct.

22 MR. MOFFATT: I have no further
23 questions of Mr. Rothman. I would ask that

1 Exhibits-- Let me get my numbers right. --5, 6 and
2 7 be admitted into evidence.

3 CHAIRMAN LAY: Any objections to
4 the exhibits? We will accept the exhibits.

5 (WHEREUPON, the documents
6 previously identified as Chesapeake
7 Exhibits Nos. 5-7 were received in
8 evidence and are attached hereto
9 and made a part hereof.)

10 CHAIRMAN LAY: Any cross for the
11 witness?

12

13

CROSS-EXAMINATION

14

BY MR. TAWNEY:

15

Q Yes, please, Your Honor.

16

Mr. Rothman, you incorporated your testimony from
17 the earlier cause today, Document No. 180, Cause No.
18 165. I believe that you also testified similarly in
19 Docket No. 179, Cause No. 164. Is that correct?

20

A Yes.

21

Q And would the testimony that you

22

have given in now three proceedings apply to any

23

well drilled by any operator within the area described?

1 A Yes. That's correct.

2 Q And in your experience, would it
3 apply to any well drilled anywhere within the State
4 of West Virginia that did not penetrate a depth
5 below the Onondaga seam?

6 A That's correct.

7 MR. TAWNEY: That's all the
8 questions I have.

9 CHAIRMAN LAY: Based upon that,
10 I've got one question for you then.

11

12 EXAMINATION

13 BY CHAIRMAN LAY:

14 Q Are there any areas within the
15 State of West Virginia where the Onondaga group is
16 productive in commercial quantity?

17 A I'm sure that there are some areas
18 that the Onondaga is productive in commercial
19 quantities. I can't specifically tell you where,
20 but I'm sure there are areas, if you hit fractures
21 or pay zones, that it would make commercial
22 quantities of gas.

23

EXAMINATION

BY MR. GUM:

Q Is there any place in West Virginia in which the Onondaga is non-existent?

A Not that I'm aware of.

Q What is the shallowest part of the Onondaga in other places? Are you familiar? Here you have them down a hundred and thirty to two hundred.

A Uh-huh.

Q Is there other areas in which it is much less?

A Yes. There's areas where there's thinning.

Q What would be the least? Could you determine any that are twenty-five or thirty?

A I can't tell you for the whole State. But, you know, in other areas that I've looked at just north of here, I think it got down to like in the hundred twenty, hundred and ten range.

CHAIRMAN LAY: Okay. Other questions? Okay. Witness can be excused.

(Witness excused.)

1 CHAIRMAN LAY: You want to call
2 your next witness, Mr. Moffatt?

3 MR. MOFFATT: Mr. Schindler.

4

5 (Witness sworn.)

6 THEREUPON came

7

ROB SCHINDLER

8 called as a witness by the Applicant herein, being
9 first duly sworn according to law, testified as
10 follows:

11

DIRECT EXAMINATION

12

BY MR. MOFFATT:

13

Q Mr. Schlinder, would you please
14 state your name for the record in this case, please?

15

A Rob Schindler.

16

Q And Mr. Schindler, in Docket No.
17 180, Cause No. 165, I asked you to explain the
18 operational difficulties you encountered or
19 experienced because of the twenty-foot limitation in
20 being able to drill into the Onondaga.

21

If I ask you those same questions
22 here, would your answers be the same?

23

A Yes, they would.

1 Q And also in that same Cause No, I
2 asked you the basis for Chesapeake's request to
3 waive the requirement of a site and safety plan for
4 Marcellus formation wells that we would like to
5 drill seventy-five feet into the Onondaga.

6 If I asked you the same questions
7 here today regarding that subject matter, would your
8 answers be the same?

9 A Yes, they would.

10 MR. MOFFATT: Have no further
11 questions.

12 CHAIRMAN LAYS: Questions? Cross?

13
14 CROSS-EXAMINATION

15 BY MR. TAWNEY:

16 Q Mr. Schindler, you testified in
17 Docket No. 180, Cause No. 165 earlier today to
18 operating problems regarding Marcellus shale wells.
19 If I recall correctly, you gave the same testimony
20 in Docket No. 179, Cause No. 164, also requesting
21 special field rules. Do you recall that?

22 A Yes.

23 Q Was your testimony the same on

1 that docket as well?

2 A Yes, sir.

3 Q Would your testimony be true with
4 respect to any well drilled by any operator or
5 producer within the area described on the maps?

6 A Yes.

7 Q Would your testimony be true with
8 respect to any well drilled into the Marcellus
9 formation and on into the Onondaga but not below the
10 Onondaga anywhere within the State of West Virginia?

11 A With regards to operations, yes.

12 MR. TAWNEY: Thank you. That's all
13 the questions I have.

14

15 CROSS-EXAMINATION

16 BY MR. SULLIVAN:

17 Q Ben Sullivan with Equitable
18 Production Company. Mr. Schindler, in making this
19 special field rule application that we're discussing
20 today in your earlier application and the
21 application Mr. Tawney referred to just now, we
22 heard a couple of weeks ago, was it Chesapeake's
23 intent to cover all of the producers and all of the

1 wells in the special field rule area or was it
2 Chesapeake's intent only to cover your own wells?

3 MR. MOFFATT: If I may, that's not
4 a proper question for Mr. Schindler. He had very
5 little input in the drafting of the application that
6 was filed with the Commission. He is not the
7 witness that would be able to answer that question.

8 CHAIRMAN LAY: Are you making that
9 in the form of an objection?

10 MR. MOFFATT: Yes.

11 MR. SULLIVAN: Who would that
12 witness be, Mr. Moffatt?

13 MR. MOFFATT: That would be
14 Mr. Brett Loflin, and I believe he did answer that
15 question at the first hearing.

16 MR. SULLIVAN: He did?

17 MR. MOFFATT: Yes, he did.

18 MR. SULLIVAN: Thank you.

19 CHAIRMAN LAY: I'll sustain the
20 objection. Sorry. Any other questions? Okay.
21 Witness may be excused. Oh, I'm sorry. I didn't
22 mean to excuse you. I had one follow-up question to
23 the question Mr. Tawney asked.

EXAMINATION

BY CHAIRMAN LAY:

Q Are there areas in the State of West Virginia that you are aware of where potentially or abnormally large flows of gas could be encountered in members of the Onondaga group, specifically the Huntersville chert?

A Yes, there is.

Q And if those things were encountered, would that constitute potentially a safety hazard to the health and safety of the individuals drilling that well?

A Depending on what surface equipment was on location, yes, it could.

Q In those cases, would it be a prudent thing for the Commission to do to require site and safety plans in those situations?

A Yes, it would.

Q Not having those type situations potentially available in these areas of West Virginia being the norm, it's your testimony that those steps would not be necessary here. Is that correct?

1 A That's correct.

2 CHAIRMAN LAY: Very good. That's
3 my questions.

4 MR. TAWNEY: May I follow up with
5 one question?

6

7 CROSS-EXAMINATION

8 BY MR. TAWNEY:

9 Q That testimony relates to whether
10 a site safety plan should be mandated for any
11 particular well or not. Is that my understanding?

12 A I don't know what his intention of
13 his question was.

14 Q Well, but is that your testimony?

15 A Yes. That the site safety plans--

16 Q --might be required.

17 A --are not necessarily in this
18 particular area.

19 Q But they might be required if you
20 could expect to encounter productive formation in
21 the Onondaga group?

22 A Correct.

23 CHAIRMAN LAY: Questions? Witness

1 may be excused.

2 (Witness excused.)

3 CHAIRMAN LAY: Call your next
4 witness, please.

5 MR. MOFFATT: Mr. Jeff Cable,
6 please.

7 CHAIRMAN LAY: Swear the witness,
8 please.

9
10 (Witness sworn.)

11 THEREUPON came

12 JEFF CABLE

13 called as a witness by the Applicant herein, being
14 first duly sworn according to law, testified as
15 follows:

16 DIRECT EXAMINATION

17 BY MR. MOFFATT:

18 Q Mr. Cable, would you please state
19 your name?

20 A Jeff Cable.

21 Q Mr. Cable, in Docket No. 180,
22 Cause No. 165, I asked you questions regarding your
23 employment history and job duties and

1 responsibilities. If I asked you those same
2 questions now, would your answers be the same?

3 A Yes.

4 Q And in that same cause number, I
5 asked you questions regarding Chesapeake's request
6 for an exception to the deep well spacing
7 requirements. If I asked you those same questions
8 now, would your answers be the same?

9 A Yes.

10 MR. MOFFATT: I have no further
11 questions.

12 CHAIRMAN LAY: Questions?
13

14 EXAMINATION

15 BY MR. TAWNEY:

16 Q Mr. Cable, your area of
17 responsibility is southeastern West Virginia, as I
18 understand it.

19 A It's the southeast district which
20 basically covers all of southwest West Virginia. We
21 call it the southeast district in the company.

22 Q Okay. And so would you expect
23 your testimony to be true for any well that is to be

1 drilled within the area that is outlined on this
2 exhibit by any operator or producer?

3 A Yes.

4 Q And within your area of expertise
5 in the southern counties of West Virginia, would you
6 expect your testimony to be true for any well
7 drilled in that area?

8 A Yes.

9 MR. TAWNEY: No further questions.

10 CHAIRMAN LAY: Questions? Witness
11 may be excused.

12 (Witness excused.)

13 MR. MOFFATT: Before we rest, we
14 would ask that the transcript from Docket No. 180,
15 Cause No. 165, be incorporated into this docket
16 number by reference. That would be then Chesapeake
17 Exhibit No. 8.

18 (WHEREUPON, said document was
19 identified as Chesapeake Exhibit
20 No. 8 and received in evidence.)

21 CHAIRMAN LAY: Do we need to
22 address at this time the stipulation from the
23 pre-hearing conference or do you just want to note

1 that the same stipulation applies that was in the
2 previous docket, Mr. Preservati?

3 MR. PRESERVATI: I'd just like to
4 very briefly address it, if I may, and just state
5 that during pre-hearing conference Chesapeake and
6 Pocahontas did reach an agreement whereby Chesapeake
7 agreed that, if the special field rules are granted
8 and a thousand foot spacing does apply in instances
9 where the coal owner or operator objects to spacing
10 of the wells, then those coal operators or owners
11 will have the objections set forth in West Virginia
12 Code Chapter 22C-8-8 at their disposal as proper
13 objections to any wells drilled by Chesapeake
14 subject to these special field rules. That's our
15 understanding from the previous matter and this
16 matter and ask that it be incorporated herein.

17 And based upon that, Pocahontas
18 Land and Argus Energy withdraw their objections to
19 this petition as well.

20 CHAIRMAN LAY: Thank you.
21 Mr. Moffatt, anything further?

22 MR. MOFFATT: No. And can I just
23 echo that? It's also Chesapeake's understanding.

1 With that, we rest our case.

2 CHAIRMAN LAY: Other evidence?

3 MR. TAWNEY: I would simply
4 incorporate our comments on behalf of PetroEdge and
5 Trans Energy and North Star as well from the prior
6 transcript since it's being made an exhibit.

7 I would also like to emphasize
8 that we would repeat the request that special field
9 rules be applied to any producer or operator
10 drilling within this area because we believe that is
11 the definition of a special field rule. In other
12 words, the rule applies to the field, not to a
13 particular producer.

14 MS. RAUPP: Valerie Raupp. Just
15 incorporate our objection as to the jurisdiction
16 that was previously heard in Docket 180 and 179.

17 MR. SULLIVAN: Ben Sullivan,
18 Equitable Production Company. I just want to
19 reiterate our concerns from the last two hearings
20 and certain notice provided for these special field
21 rule applications and the application thereof to our
22 wells in the area.

23 CHAIRMAN LAY: Anything further?

1 MR. TAWNEY: If I may make one
2 other statement. If the Commission does not see fit
3 to apply special field rules to every producer in
4 these areas, then I would ask that they be applied
5 to North Star Energy, to Trans Energy and to
6 PetroEdge Resources for the acreage that they might
7 have now or acquire in the future in these specific
8 areas.

9 CHAIRMAN LAY: Sorry. PetroEdge?

10 MR. TAWNEY: Yes. It's PetroEdge
11 Resources.

12 CHAIRMAN LAY: Okay.

13 MR. TAWNEY: WVLLC, North Star
14 Energy Corporation and Trans Energy Corporation.

15 Q One word?

16 A No. It's two.

17 Q Trans Energy.

18 CHAIRMAN LAY: Mr. Tawney?

19 MR. TAWNEY: I'm sorry.

20 CHAIRMAN LAY: Now, I'm sorry. Is
21 that Trans Energy Corp.? Mr. Tawney?

22 MR. TAWNEY: I'm sorry.

23 CHAIRMAN LAY: Is it Trans Energy

1 Corporation?

2 MR. TAWNEY: Yes, it is.

3 CHAIRMAN LAY: We'll take that
4 under advisement.

5 MR. TAWNEY: Okay. And if it helps
6 in consideration, we earlier agreed that we would
7 abide by his same stipulation with Mr. Preservati
8 that Chesapeake had in connection. We'd simply
9 abide by the same rules applicable as Chesapeake. Is
10 that correct, Mr. Preservati?

11 MR. PRESERVATI: That sounds good
12 to me. Thank you.

13 CHAIRMAN LAY: Any other issues.
14 Okay. We'll go off the record.

15 (WHEREUPON, a brief recess
16 was had.)

17 CHAIRMAN LAY: We can go back on
18 the record. Do we have a motion?

19 MR. RADABAUGH: I make a motion to
20 grant Chesapeake's request for the establishment of
21 special field rules in the following manner.

22 First, this will only apply to
23 Chesapeake Energy. Special field rules shall allow

1 Chesapeake to drill wells in the designated area to
2 the depth not to exceed seventy-five feet into the
3 Onondaga group.

4 Each well drilled under the
5 special field rules shall be located at a minimum of
6 one thousand feet from each well covered by the
7 order with the exception of wells affected by the
8 settlement agreement between Chesapeake and
9 Pocahontas Land that states that it will abide by
10 22C-8-8 as agreed on-- And it's on the record.

11 Also, there will be a hundred foot
12 from the lease line and unit boundary waiver. It
13 has to be at least a hundred feet.

14 For each well covered under the
15 special field rules, Chesapeake shall submit a deep
16 well permit application. Upon completion of the
17 wells drilled under the special field rules, they
18 shall supply a copy of the open hole log,
19 perforating log and an affidavit signed by the
20 principle of the company stating that no formation
21 below the top of the Onondaga has been stimulated in
22 any manner.

23 Thereafter, if Chesapeake would so

1 desire to perforate, frac or otherwise stimulate
2 anything in this Onondaga group, it will have to
3 apply for a permit to do so and/or appear before the
4 Commission to get approval to do so.

5 Furthermore, the Commission waives
6 the requirement that Chesapeake must not submit a
7 site safety plan and hold a pre-SPUD meeting for the
8 drilling of these wells covered under the order,
9 although H2S monitoring and safety equipment will be
10 on site and ready for review, if needed.

11 CHAIRMAN LAY: Have a second?

12 MR. GUM: Second.

13 CHAIRMAN LAY: Further discussion?

14 All those in favor of the motion, aye. Opposed to
15 the motion, nay. Motion carries.

16 MR. TAWNEY: Once again, can we
17 have stated for the record the reasoning for
18 applying the special field rule only to one company
19 and one operator?

20 CHAIRMAN LAY: I can respond.

21 MS. UTT: I'll talk to you about it
22 afterwards, but we're not going to put it on the
23 record. An order will come out with any reasoning.

1 I can either talk to you off the record or you can
2 waive the order.

3 MR. TAWNEY: But the order will
4 reflect the reasoning and rationale for--

5 MS. UTT: The order will reflect
6 what application and what issues are before the
7 Commission today. And they were properly noticed
8 before the Commission, the issues that were raised.

9 So if you want me to talk to you
10 personally about the notice issue, I would be more
11 than happy to. It wasn't a Chesapeake issue before
12 the Commission today. So they're only dealing with
13 Chesapeake issues before the Commission.

14 MR. TAWNEY: Thank you.

15 CHAIRMAN LAY: Anything else for
16 the record?

17 MR. MOFFATT: One point of
18 clarification. You mentioned it only pertains to
19 Chesapeake, but it would be existing acreage as well
20 as acreage that Chesapeake would acquire in the
21 future. Correct?

22 MR. RADABAUGH: In that area, yes.
23 Correct.

1 CHAIRMAN LAY: Okay. If you would,
2 Mr. Moffatt, draft a proposed order. Anyone else
3 wishing to draft an order certainly can submit it to
4 the Commission.

5 MR. MOFFATT: One additional
6 question?

7 CHAIRMAN LAY: Okay.

8 MR. MOFFATT: Relating to the
9 exception from the lease line and unit boundary of
10 the hundred foot requirement here, also.

11 CHAIRMAN LAY: Yes.

12 MR. MOFFATT: The basis for that
13 would be?

14 CHAIRMAN LAY: Uniformity in what
15 we're trying to do. And that is a lease or unit
16 boundary.

17 MR. MOFFATT: That's correct.

18 CHAIRMAN LAY: If you have unitized
19 acreage, you know, in the larger area that would not
20 pertain to specifically lease boundaries, then
21 they're unitized.

22 MR. MOFFATT: Thank you. Okay.
23 We're off the record then.

(WHEREUPON, the proceeding
adjourned at 12:45 p.m.)

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, To-wit:

I, Bonnie K. Wolfe, Certified Court Reporter and Notary Public in and for the State of West Virginia, duly commissioned and qualified, do hereby certify that the foregoing proceeding was duly taken by me and before me at the time and place specified in the caption hereof, the said witness having been by me first duly sworn.

I do further certify that the said proceeding was correctly reported by me verbatim and that same was by me accurately written out in full and transcribed into the English language.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action in which this proceeding is taken and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

My commission expires the 21st day of
October, 2014.

Given under my hand and official seal
this 12th day of June, 2007.

Bonnie K Wolfe

Bonnie K. Wolfe, CCR/Notary



Official Seal
Notary Public, State of West Virginia
Bonnie K. Wolfe
Certified Court Reporter
1211 Ellen Drive
South Charleston, WV 25303
My commission expires October 21, 2014